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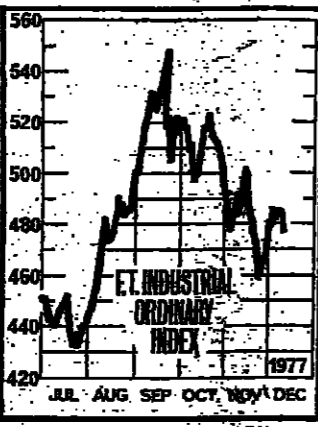
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NEWS SUMMARY

GENERAL
Firemen
reject
new pay
offer

BUSINESS
\$ weaker
after
bankers'
meeting

Firemen have turned down the offer of a 10% pay rise...
DOLLAR continued its decline after the central bankers meeting in Basle failed to agree concerted action to support it...
EQUITIES were dull in response to continued sluggishness in industrial production...



Anglo-French talks end with pledge on industrial links

BY RUPERT CORNWELL, LOBBY STAFF

THE Anglo-French summit yesterday set the seal on the flourishing state of relations between the two countries, marked only perhaps by apparent failure to make real progress on the issue of a new joint European civil aircraft venture.



Mr. James Callaghan and President Giscard d'Estaing ended 24 hours of talks at Chequers by announcing the creation of a bilateral Committee for Industrial Co-operation to strengthen industrial ties between France and the U.K.
Its effective launch is likely when Mr. Eric Varley, the Industry Secretary, visits Paris next February...

First past the post for EEC elections

By Richard Evans, Lobby Editor

THE COMMONS last night rejected a move to introduce proportional representation into the elections for the European Parliament by a ratio of three to two.

The decision, by 319 votes to 222, means that the first elections will now be held in the U.K. under the Westminster system of first past the post.
But what is now certain is that the direct elections cannot take place by the target date of next May or June...

Stonehouse report urges law changes

BY JAMES BARTHOLOMEW

SEVERAL CHANGES in company law are suggested in a report which strongly criticises the department of Trade inspectors' report which strongly criticises leading City professionals Sir Charles Hardie, senior partner of the accountants Dixon Wilson, and Mr. Eric Levine, a solicitor.

The inspectors say that the mischief was not merely technical. On the basis of these accounts, the company applied in the Department of Trade for a Section 123 certificate and made a rights issue.
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U.S. pressure on Japan for better trade deal

BY DAVID BELL WASHINGTON, Dec. 13.

THE U.S. is insisting that Japan must rapidly eliminate its current account surplus and immediately begin to liberalise access to what U.S. officials here are calling its "excessively closed" economy.
The U.S. negotiators in the talks began yesterday have made very clear to Mr. Nobuhiko Ushiba the Japanese Minister for Overseas Economic Affairs...

Industry output still slow

BY DAVID BELL

INDUSTRIAL OUTPUT fell by 1.3 per cent in October and industry and manufacturing indices showed little change over the August to October period, suggesting that any upturn in economic activity is still tentative.
U.S. officials here are calling it "excessively closed" economy.

Record increase in ICL turnover

BY MAX WILKINSON

ICL announced a record increase in turnover this year, which reached \$418.7m., an increase of 45 per cent. over last year.
Profits for 1977 were also up by 31 per cent at \$30.3m. A particularly encouraging aspect of the preliminary results released yesterday was the sharp increase in overseas business.

Investigate

BY JAMES BARTHOLOMEW

He repeated his position as quoted in the report that he would have given quite different advice if he had known the true facts. He had given advice based on a "factual base" which he assumed the auditors knew and could test.

Police 'should be suspects'

BY DAVID BELL

The police should be suspected of the murder of a man in a car, a former High Court judge has said.
The judge, Lord Widgeland, said in a judgment given yesterday in the trial of three youths charged with the death of a man in a car, a transatlantic flight was questioned.

250,000 raid

BY DAVID BELL

Over 250,000 people were involved in a raid on a large property development in the south of London yesterday.
The raid was part of a major operation to clear up the site of a large property development.

RISE IN PRICES YESTERDAY

Commodity	Change
EMI	+173
PIOS	+352
Gt. Portland Est.	+258
GUS A	+206
ICI	+359
LCR	+78
Luzins Inds.	+280
Metal Box	+290
Plessey	+95
Randall (J. and L.)	+85
Rockitz and Colman	+435
Serck	+93
Smiths Inds.	+157
Tube Inds.	+546
Unilever	+546
Yorkshire Chemicals	+98
Shell Transport	+590
Pancontinental	+875
S. African Land	+67
West Rand Cons.	+149

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Letters	12
World Trade News	34

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AMERICAN NEWS

Congress kills hopes for pre-Christmas Energy Bill

BY JUREK MARTIN, U.S. EDITOR

WASHINGTON, Dec. 13.

THE WHITE HOUSE has now more or less written off the chance of Congress passing a satisfactory Energy Bill by Christmas.

The best hope now appears to be that within the next few days the respective House and Senate conference committees will at least resolve in principle their differences over the most intractable elements in the energy programme and the form of the wellhead tax on crude oil.

As if the divisions on the Energy Bill were not deep enough, Congress was additionally distracted over the last few days by a parallel squabble over the Social Security Bill. This was brought about by the introduction of a rider to the bill by the Republican Senator William V. Roth from Delaware providing for a tax credit that all Americans could take to help defray the cost of sending their children to universities.

Although Senator Roth's proposal bears minimal direct relevance to the Social Security Bill, it is a standard Congressional tactic to hang such amendments on other legislation in the manner often described as "the Christmas tree" anomaly. Although the signs are that the Roth amendment will be ultimately attached to a different bill, the Congressional procedure including deliberation on the Energy Bill.

President Carter is reported to be growing increasingly frus-

trated by Congress' inability to enact what he considers to be a subject of paramount importance. Although the White House publicly insists that he is content with the same time frame, it is privately being said that the President is miffed by the few words in discussions with senior Congressional leaders.

As it stands now, Congress would like to adjourn for the Christmas recess by the end of January 19, when it will hear the State of the Union message. If the social security issue is resolved over the next few days, the temptation to take a break will be overwhelming.

Energy Bill or no Energy Bill, Mr. Carter is insistent that he will take his planned six-nation foreign trip, which begins on December 29; but he is reportedly making it clear that mission believes his hand is not yet cast for foreign leaders, especially in oil producing countries such as Iran and Saudi Arabia, concrete evidence that the U.S. consumption of energy is about to be controlled.

At the same time, the lack of an Energy Bill would additionally complicate his economic planning. Next year's promised tax cuts are due to be settled in the light of the higher taxes that will be generated by both the Social Security and Energy Bills.

Mr. Carter has promised an

economic message, probably next month, and is also bound to unveil his budget, the first of his Presidency over which he has had effective control, shortly.

But such arguments still appear to be cutting little ice with the Congressional conferees. Last week, there did appear to be signs that the Energy Bill deadlock was being broken, with the Administration quietly intimating that it would be prepared to raise the price of domestic oil (which can be done by executive action) if the oil state Congressmen and Senators, under the crafty guidance of Senator Russell Long, would make concessions on both natural gas pricing and distribution of proceeds from the wellhead crude oil tax. Such a bargain may yet be struck, but it is hard to detect signs that it is in the offing from the deliberations of the Congressional conference committees.

UPI adds: Energy Department officials took the administration case for nuclear energy before a wide assortment of consumer groups today arguing that the U.S. has no choice but to rely on the power of the atom.

The briefing was the first in a series to present Administration energy plans to consumer groups, many of which have protested that nuclear power was potentially dangerous. The audience included representatives from Environmental Action, Consumer Action Now and Ralph Nader's Public Interest Research Group.

AFL-CIO BIENNIAL CONVENTION

Strained relations with Carter

BY JOHN WYLES IN LOS ANGELES

WITHOUT DISTURBING the housing construction, create an urban development bank and initiate a new programme for public works. In addition, the AFL-CIO wants tighter controls on the export of American technology and capital, and changes in the federal reserve system to make it more responsive to the demands of government economic policy.

On trade, the unions are demanding legislation to regulate imports and exports including qualitative restraints which will assure imports in keeping with the nation's wellbeing. They demand the removal of various incentives to multinational investment abroad, agreements to improve the conditions of workers in those countries. "That seek to attract industry through the exploitation of workers." The AFL-CIO's pledge to use all of its considerable legislative, public relations and organisational resources in pursuit of these goals, seriously threatens to encourage protectionist thinking in this country and restrict the President's flexibility in his negotiations with Japan and within GATT.

Labour's priority proposals among the many contained in the two contentious resolutions will undoubtedly be spelled out

to the President by Mr. George Meany, whose 83 years proved no obstacle to his re-election here for his 12th term as AFL-CIO president. Mr. Meany's sampling of opinion among delegates, who are virtually all full-time union officials, will have left him in no doubt that labour favours a tough approach on trade and economic policy. One of the unfortunate things about President Carter's non-appearance at the AFL-CIO biennial convention is that the answer to unemployment is an economic stimulus which its officials estimate at about \$31bn. Among other things, it would cut taxes on low- and middle-income groups, and provide funds to accelerate housing construction, create an urban development bank and initiate a new programme for public works. In addition, the AFL-CIO wants tighter controls on the export of U.S. technology and capital.

22 years as president of the AFL-CIO, no one expected it to be otherwise. The vast majority of the 1,000 or so delegates seemed in no mood to disagree with the effusive nominating speaker who appeared to rank him above Moses as a force for good in world affairs.

One dissenter who has been accessible to many journalists on request is that of Mr. William W. Wimpfing, the president of the International Association of Machinists, whose election to the executive council was the third potentially crucial recommendation to be endorsed here. Mr. Wimpfing undoubtedly owes his seat on the executive majority backing cost the unions a bill extending picketing rights earlier this year and forced them to compromise on some elements within a strongly desired labour law reform bill. In setting out labour's stand on economic policy and trade, Mr. Meany will not need to remind the President that 1978 is a mid-term election year and some politicians will certainly be challenged to run the electoral course without AFL-CIO endorsement.

This has been a good convention for Mr. Meany, but after

Meany is almost certainly starting his last two-year term, the odds are long against Mr. Wimpfing and Mr. Wurf converting a majority of the AFL-CIO to their views. Nevertheless, their demands for more vigorous policies to restore the mantle of "the people's lobby" to the AFL-CIO and for a more critical appraisal of the merits and weaknesses of American capitalism are likely to find more support as Mr. Meany's career draws to a close. Mr. Wimpfing, Mr. Wurf and a new wave of union leaders such as Mr. Doug Eraser, whose United Autoworkers may well remain outside the AFL-CIO until Mr. Meany's departure, believe that the movement must broaden its appeal to survive.

Substantially less than 25 per cent of American workers now belong to trade unions and employers are showing a new determination to resist or deflect recruitment efforts wherever they can. Mr. Wimpfing told me yesterday that he was offended by the fact that Mr. Meany's presence as head of the movement merely confirmed many Americans in their belief that "We are one more facet of the special interest group society."

Whether he can emerge as a rallying point for a new style of American trade unionism remains to be seen. After a week of living with labour at close quarters it is hard to quarrel with his conclusion that we have got to show the ordinary worker institution has more spark, vitality and democratic debate than we have today.

U.S. farmers to strike for higher price supports

BY STEWART FLEMING

NEW YORK, Dec. 13.

THOUSANDS OF farmers are squeezing. There is little doubt that many farmers are losing money, and there is some evidence that the prices of farm products are steadily rising for several years, and may well be stagnating and in some areas beginning to decline.

On the other hand, many farmers built up strong reserves in the early years of the decade when prices soared, and there are doubts about how severely stretched they are financially. Current conditions are certainly not good in farm communities and could become critical.

There has recently been signs of some hardening of grain prices, however, reflecting stronger world demand, and some argue that farm incomes could turn up sharply over the next year.

The does not appear to be much concern that enough farmers will support the strike and withhold supplies from the market on a scale which will force food shortages or higher prices. The militant farmers appear to lack the support. But equally the Carter Administration cannot afford to ignore completely the complaints of such an important political block.

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Alcan take-over problem

BY JAMES SCOTT

TORONTO, Dec. 13.

A BID by Alcan Aluminium of Montreal to expand its operations in the U.S. into its largest national market, has run into a problem.

The U.S. Justice Department has filed a civil anti-trust suit, seeking to prevent Alcan Aluminium's U.S. subsidiary, Alcan Aluminium Corp., from acquiring an aluminium smelter and rolling mill at Scottsboro, Alabama, from Rerevo Copper and Brass. Purchase of the plant by Alcan for \$140m. was agreed in June.

The suit by the Justice Department seeks to block the sale, which was scheduled to be completed this week, and it also asks for a permanent injunction against the deal. The department claims that the sale would eliminate significant competition

in the sale of aluminium products in the U.S.

Alcan operates four aluminium rolling mills in the U.S., with a total capacity of 520,000 tons annually, and a rod mill with a capacity of 60,000 tons annually. It also has three cable plants with a capacity of 60,000 tons annually. It also has three cable plants with a capacity of 45,000 tons annually, for the production of power transmission and distribution cable.

The addition of the Scottsboro plant would increase Alcan's rolling mill capacity in the U.S. by about 18 per cent. The company has a strong sales network in 24 states and had record profits last year, although investment in the industrial community was not as high as anticipated.

U.S. travel agents arrive in Havana

More than 170 U.S. travel agents flew to Havana yesterday as the curtain went up on the first season for 17 years of U.S. tourism in Cuba. Reuter reports from Havana that the travel agents, all from the Chicago and Detroit areas, were brought here to see the facilities which Cuba can offer U.S. holidaymakers, who are due to start arriving next week.

Concorde within NY noise limits

Concorde operated within the noise limits at Kennedy Airport, New York, last month, Federal Aviation Administration (FAA) tests show, Reuter reports from Washington. The FAA said the Concorde produced 96.7 decibels of average effective perceived noise at Howard Beach, and 95.8 decibels at Belle Harbour. Concorde operated more quietly at Kennedy than at Dulles Airport in Washington, the FAA said.

Quito kidnap

The head of a businessman who was kidnapped 13 days ago was found in the grounds of a church college in Quito yesterday, police said. Reuter reports from Ecuador. They said the head was that of Sr. Jose Antonio Bria, a 33-year-old industrialist.

No UN hijack move

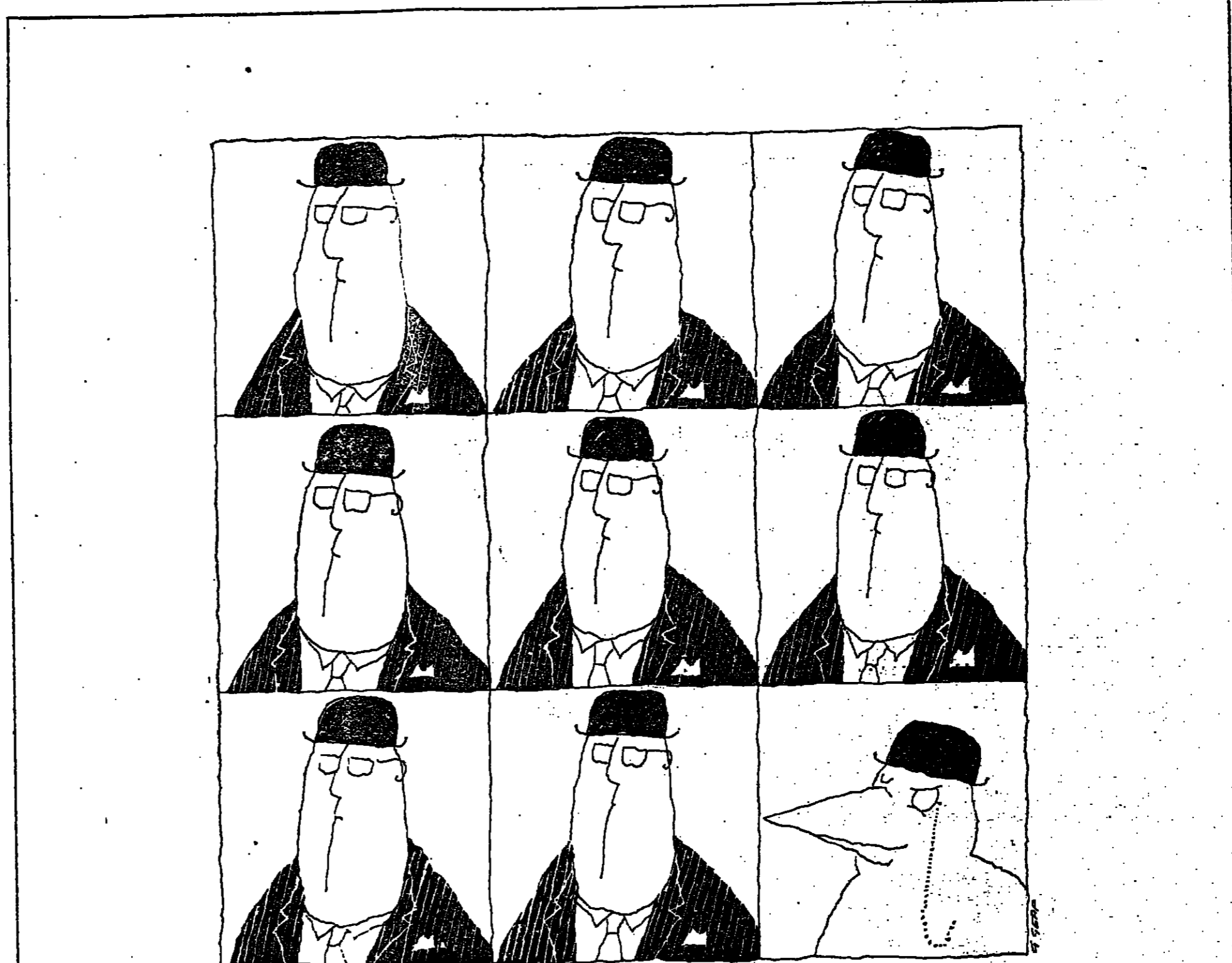
THE UN General Assembly has relegated to committee study for another year the discussion of measures against hijacking, kidnapping and other forms of international terrorism, UPI reports from the U.S. Proposals have met with a persistent obstacle—the insistence by some nations that terrorist acts based on political motives be excluded.

Bahamas citizenship

The Bahamas National Baptist Missionary and Educational Convention, representing the largest religious denomination in the islands, has adopted a resolution calling on the Government to reconsider a proposed citizenship referendum "intended to diminish or abolish any human or civil or constitutional rights" Niki Kelly writes from Nassau. The Government has said that it will seek public support for a constitutional amendment to give the courts the final authority for determining citizenship. The referendum is aimed at depriving some of their citizenship entitlement held under the 1973 independence constitution.

Polaroid accused

A woman, who led anti-apartheid demonstrations by Polaroid workers in 1970, yesterday accused the company of using its announced withdrawal from South Africa to disguise another role in making identical copies of the cards, UPI reports from the U.S. Miss Caroline Hunter told the UN special committee against apartheid that South Africa has announced an intention to change from books to identity cards for blacks. She said that Polaroid would make the cards, but Polaroid denied the charge, saying that the company did not make the computer identity cards which Miss Hunter described.



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OVERSEAS NEWS

MR. VANCE'S MIDDLE EAST TOUR

Hostile reception in Syria

BY ANTHONY McDERMOTT

MR. CYRUS VANCE, the U.S. Secretary of State, arrived yesterday in Damascus on the toughest leg of his six-nation tour of the Middle East, having admitted in Beirut earlier in the day that it was unrealistic to expect more Arab countries to join the conference in Cairo.

Mr. Vance was told here yesterday that Lebanon would not attend the Cairo conference. He stressed the importance of the U.S. attached to the "working relationship we have with President Assad and Foreign Minister Abdel-Halim Khaddam. Our relationship with Syria is of great importance and we hope to work together towards the common objective we have in finding a comprehensive settlement of the Middle East crisis."

China aims at higher farm output

CHINA WILL hold a national conference on farm mechanisation, the New China News Agency has announced. This is designed to increase agricultural productivity by furthering the leadership's goal of basic mechanisation by 1980.

Rhodesia talks at crucial stage

BY TONY HAWKINS

TALKS BETWEEN the Rhodesian Government and three domestic nationalist parties have reached a crucial stage, with tomorrow's discussions focusing on the key issue of safeguards for the country's 300,000 whites, coloureds and Asians.

Mr. Smith's insistence on some form of "effective minority safeguard" will be crucial. Mr. Smith has demanded a three-third blocking mechanism—that is one third of the members of Parliament to be directly elected by the 300,000 whites, coloureds and Asians, and with powers to block amendments to the constitution.

Police release Oginga Odinga

FORMER KENYAN vice-president Oginga Odinga, detained by police in Nairobi last Saturday, was released today after a selection of charges for "threatening to kill" he told reporters.

Fewer S. African arrests since clampdown—police

BY QUENTIN PEEL

A SENIOR South African policeman claimed today that the mass bannings and detentions of black leaders ordered in October by Mr. Jimmy Kruger, the Minister of Police, had resulted in a dramatic drop in the level of urban unrest in South Africa's black townships.

Oman and UAE in border row

A MAJOR border dispute has erupted between Oman and the United Arab Emirates, according to reports reaching Beirut. The Kuwaiti newspaper, Al-Rai Al-Aam today carried a front-page report saying that military reinforcements have been moved into the disputed area by Oman and the Emirates.

U.N. Assembly seeks oil embargo

AN overwhelming majority of General Assembly members last night approved a request to the Security Council for a mandatory oil embargo against South Africa.

ILO appeals for funds

THE INTERNATIONAL Labour Organisation has appealed to Iran and other rich members to meet a shortfall in funds caused by U.S. withdrawal. Mr. Francis Blanchard, its director general, said in an interview here today.

WARS IN ETHIOPIA

More violence at fronts, in Addis

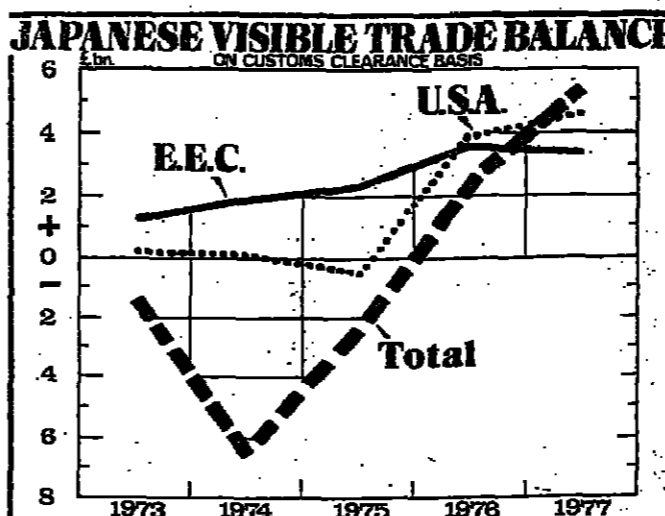
BY OUR FOREIGN STAFF

THE SECESSIONIST wars in Ethiopia, are intensifying, according to reports from the Horn of Africa. Diplomatic sources in Addis Ababa and Mogadishu have said that Ethiopian forces are trying to recapture the town of Jijiga which fell to Somali forces early in September.

Liberation Front claimed to have killed more than 1,000 Ethiopian troops last week in fighting in Sidamo province, which lies to the west of the main battle zone in an area due south of Addis. The EPLF Liberation Front, which is fighting against Ethiopian forces in the Massawa area, appears to indicate a new escalation of fighting in the province.

ON OTHER PAGES International Company News: Daimler-Benz results: Credit Suisse results: 26-27 Farming and Raw Materials: Green franc devaluation: Brazil coffee: 29

WORLD TRADE NEWS



THE SURPLUS SOARS

Although Japan has stepped up its total imports to \$34.8bn. last year, imports from its main trading partners—the U.S. and E.E.C.—have shown negligible growth. Exports, however, have shown a sharp increase with shipments to the E.E.C. up 73 per cent since 1973.

Table with 4 columns: Imports, Exports, U.S., Total. Rows for years 1973, 1974, 1975, 1976, 1977. Data values are provided for each cell.

Japanese export orders for ships hit three year low

SHIPBUILDING ORDERS received by Japanese shipyards of last fiscal year, the association said. The total backlog of export shipbuilding orders held by Japanese shipyards at the end of November fell to 9.4m. gross tons in October, the Ship Exporters Association said.

Motor sales increase

NISSAN MOTOR vehicle production in November totalled 116,775 units, down 1.3 per cent from the previous month but up 4.2 per cent from the previous month.

Extension of MFA is agreed

THE WORLD'S major producers and consumers of textiles reached a last-minute consensus today on extending the international multifibre agreement which is due to expire on December 31.

Siemens in N-talks with China

SIEMENS'S SUBSIDIARY Kraftwerk Union will continue talks soon with China on co-operation in the field of nuclear power plants.

BOTB warns on foreign sales

BRITISH exporters face a harder task in foreign markets next year, and companies should keep wage awards in line with our main competitors to protect both domestic and overseas sales.

Mediteranean dry dock plan

ARAB OIL ministers began arriving here today for a regular meeting of the 10-member organisation of Arab Petroleum Exporting Countries (OAPEC) overshadowed by preparations for an international price-fixing conference.

Shah urges trade group

THE SHAH of Iran has proposed a common market of five countries—Iran, Pakistan, Afghanistan, India and Bangladesh. He has conveyed this proposal to the Prime Minister, Mr. Morji Desai, through an Iranian Parliamentary delegation.

Whessor in Brazil

Whessor Heavy Engineering, part of the Whessor Group, has won a contract for the design, fabrication and assembly of large units for a blast furnace complex in Brazil.

Peugeot considers Pakistan plant

THE FRENCH car company, Peugeot, is considering setting up a manufacturing plant in Pakistan. The National News Agency, quoting sources close to the company, says an executive from Paris was in Karachi last week to explore the possibilities.

Power station deal

A contract to supply equipment for power stations in Hong Kong has gone to Rotary Electrical of Sheffield, worth £20,000, the contract placed by the China Light and Power Company for sets of coils for electric motors.

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JAWALITS

WHAT NEW YORK OFFERS YOUR BUSINESS, THE REST OF AMERICA CAN'T.

John S. Dyson, Commissioner, New York State Dept. of Commerce



Leaving home and opening an office or manufacturing facility in a foreign land is no small business decision.

That's why you should know what New York State can offer you that no other state in America can!

We offer your company a total package of tax incentives, marketing opportunities, legislative support, plus we offer you the only international city in America: New York City.

Two decisions you'll have to make.

The first decision you have to make about coming to America is obvious. It's the bottom line dollar and cents one. The other is more subtle. It's how the people you send to America are going to fit in here. Will they be productive? Will they be happy? But for the moment let's talk about your first decision first.

Tax advantages most states don't have.

In New York State, corporate income tax is for most companies on net income alone, which means a company pays only on its profits, so you only have to pay income tax when you make a profit.

In New York State, we don't tax companies on personal property such as machinery, equipment and inventories. This alone could save a company thousands and thousands of dollars in taxes.

Connecticut and New Jersey plus 44 other states do tax some form of manufacturers' personal property.

In New York State, we permit multi-state companies to allocate sales receipts on a destination basis, so only receipts from sales within New York State are allocated for tax purposes.

One of the best tax incentive programs in America.

No other state in America has more incentives than New York State.

In New York State, a company can get a tax break for purchasing new machinery, adding new employment and building new facilities.

In New York State, a company can get Job Incentive tax credits. Pollution Control tax credits. Capital investment tax credits. Local property tax exemptions, and even more.

In fact, in New York State a new facility could save a company almost 100% of its corporate state tax for 10 years.

We'll prove we're better.

We'll prepare at your request a confidential tax comparison for your company between actual locations in New York State and any other state.

Last year we did this for a number of companies. In 88% of the cases we showed New York State taxes were lower. A good track record for any state.

Our legislature has a mind for business.

Here are just a few of the changes the New York State Legislature made for business last year. For the first time since 1926, we permanently lowered the personal income tax rate in New York State. And we believe it will come down even more. We reduced the stock transfer tax. And we'll eliminate it by 1981.

And in New York City the bond transfer tax was eliminated.

The biggest market in the world is all around New York State.

Within a near 750 miles of central New York State is 54% of the population of the U.S. and Canada. And 55% of the total U.S. and Canadian personal income.

That's an incredibly large and prosperous market in which to sell goods and services.

Within the same area is 55% of all the professional workers in America. 56% of all the skilled workers in America. And 54% of all U.S. college graduates.

That's a priceless pool of brains and manpower for any corporation to draw from.

social and cultural organizations. And we have the finest and most elegant shopping this side of the Atlantic.

And thousands of shops throughout the city carry an incredible array of imported foods and wines from every country in the world.

We have practically every newspaper and magazine from outside of the United States available at dozens of local newsstands.

And on those same newsstands you can buy any one of eleven non-English language newspapers that are printed right in the heart of the city.

But there is something more important that this city has to offer.

It's the challenge. The business excitement. The exchange of ideas between people.

It keeps executives on their toes. And that will make your company's operation here sharper. And keener.

With all the city has to offer, its fine restaurants, its night clubs and its theatres. And with all its fine housing, New York City is one of the least expensive cities to live in compared to the leading cities of the world. This is fact.

Not according to us. But according to Business International S.A., Geneva.

A helping hand from professional people.

To make you feel even more welcome we have a group of businessmen and women who are specially trained at expediting international businessmen through the ins and outs of our state government.

And since these people have been trained as businessmen they make excellent representatives for you within the state government.

If you need help from any state agency or bureau they know whom to contact for you.

They'll help do all the burdensome paperwork and they'll help obtain all your state and local permits.

And if ever a snag should develop they'll help you negotiate an amicable solution.

We call these people "Red Tape Cutters." You can call them at this number: 212-949-9307 or 518-474-4110.

Two free books that can make you money in New York and America.

Also, we've recently published two books that can give you more detailed information about our unique business opportunities, "How To Do Business In New York State" and "Why It Pays To Do Business In New York State."

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Certainly there's no other city in the western hemisphere that even comes close to what New York City has to offer.

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The second decision.

It's as important as the first.

How your people will fit in when they come to America is important to know. It affects how well they'll perform.

When people from outside the United States come to New York City they not only feel excited, they also feel comfortable.

That's because this city is one of the great international cities of the world.

Maybe that's why international businessmen feel right at home here. Maybe that's why they're able to fit in so fast and get on with business.

For their children we have many fine schools that cater to international students. So they, too, can feel right at home.

For their wives the city offers hundreds of foreign,

NEW YORK STATE

HOME NEWS

Counties' Energy saving could rates figures attacked net £370m. a year

BY KEVIN DONE

MANUFACTURING INDUSTRY Mr. Huckfield said that the could save as much as £370m. a financial benefit that could year through energy saving tech- accrue to industry by taking nology. Mr. Leslie Huckfield, energy saving measures would Industry Under-Secretary, said amount to nearly 10 per cent. of energy savings equivalent to which was £3.9bn. in 1976.

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North Sea concern as divers pull out

BY KEVIN DONE

CONTINUING DEPARTURES of experienced divers from the North Sea are causing concern at the Department of Energy because of the growing risk to the safety of offshore operations. The Department is receiving reports from its diving inspectors about mounting dangers. It is considered to be only luck that has kept the number of fatal diving accidents to three this year.



Mr. Neil Henderson, chairman of the North Sea Divers Action Group: only in British are divers not taxed as "self-employed."

Mr. Neil Henderson, chairman of the North Sea Divers Action Group: only in British are divers not taxed as "self-employed." Average earnings were probably nearer £10,000. The implementation of PAYE has hit hard, as until April the divers could claim tax deductions for expenses such as travel, telephone and equipment. Employing their wives as secretaries further lowered the tax liability.

Ford to modernise tractor plant

By Stuart Alexander

FORD is to spend £25m. next year on modernising its Basildon tractor plant in Essex. About £5m. of it will be spent on new machinery. Production capacity is expected to be lifted from 60,000 units a year to 75,000, with almost all the extra going to exports.

Full audits protect the public, say Scottish accountants

BY CHRISTINE MOIR

THE GROWING feeling that small companies ought to be exempt from the structures of "full dress" audits was opposed yesterday by the council of the Scottish Institute of Chartered Accountants. Its statement reveals a widening difference of opinion among accountants about the value of audits for small companies.

Mr. John Kirkpatrick, president of the institute, was speaking on the proposal that the U.K. accountancy bodies should recommend to Government that present audit practices should be replaced by less onerous arrangements for small companies.

State oil deals with Pan Ocean group to cover Brae Field

FINANCIAL TIMES REPORTER

THE PAN Ocean group, which made the Brae Field oil discovery, has signed participation agreements with the Department of Energy and the British National Oil Corporation.

spread structure at between 180m. and 500m. barrels. It is possible that the Brae field is still to be taken. Brae, which lies east of the Orkney Islands near the median line between the U.K. and Norway, was first discovered in April 1975.

600-a-day

As well as both built-up and knocked-down tractors, the Basildon plant supplies engines and hydraulic equipment to a sister plant in Antwerp, which in turn supplies rear transmissions and axles. It is hoped that engine production at a day, the plant will be able to produce as many as 600 a day.

Birds Eye undertaking

BIRDS EYE, the frozen food subsidiary of Unilever, has agreed not to give discounts to retailers who promise space in their freezer cabinets for the company's products.

Risks to nuclear plant assessed

BY LYNTON McLAIN, INDUSTRIAL STAFF

EXTERNAL FLOODING and the release of flammable, explosive or toxic gases near nuclear power plant were the greatest potential external risks to such installations, according to Mr. J. V. Jeffrey, of the Government's Nuclear Installations Inspectorate.

The potential threat of external flooding could be countered by careful consideration and evaluation of geographical sites with the aid of laboratory testing of model coastlines or estuaries.

'No evidence' of pollution harming marine life

BY OUR SCIENCE EDITOR

THERE WAS no evidence that pollution had harmed marine life in the U.K. sector of the North Sea, according to a report by the Ministry of Agriculture, Fisheries and Food.

Tate and Lyle seeks order to stop programme

BY MARK WEBSTER

TATE AND LYLE was yesterday seeking an injunction to prevent ATV showing part of a documentary on life in South Africa.

urban black working for a company like Leyland and manual black farm workers working for companies like Tate and Lyle. He agreed that three interviews had been removed after representatives from Tate and Lyle had cast doubt on their authenticity. He said that the three interviews had all been conducted through a black interpreter and it was just conceivable that he had given them false names.

ANGLO-FRENCH INDUSTRIAL CO-OPERATION PLANNED

Seven vital industries to be linked

BY OUR INDUSTRIAL STAFF

PLANS FOR industrial co-operation which emerged from yesterday's Chequers summit meeting are likely to be taken a stage further in February when Mr. Eric Varley, Secretary for Industry, visits France to talk with the French Industrial Ministers.

It is not yet known, however, how the Industrial Co-operation Committee will work. It emerged yesterday morning as an idea from Mr. James Callaghan during the talks and will primarily be staffed by senior civil servants.

Another record year for Bell Lines

BY IAN HARGREAVES, SHIPPING CORRESPONDENT

BELL LINES, the short sea container operator, has had another record year, with cargo volume up 16 per cent. on last year's total of 1.25m. tons.

Racial trial accused tells of kangaroo court

THE FORMER managing director of the Racial Group told a jury yesterday that he was in a defendant role without warning. It was a complete surprise and shock to me that that meeting was held.

Mr. Wellburn and Mr. Randel were made with the approval of Mr. Ernest Harris, former Racial group chairman, but Mr. Harris has denied this at court. At the meeting, Mr. Wellburn said, Mr. Harrison asked who authorised the payments, and he replied that Mr. Harrison had authorised them. He told Mr. Harrison that about £23,000 had been paid under the signing of two contracts in 1972. He repeated stressed during the meeting that Mr. Harris had authorised the payments, but Mr. Harris denied this. The trial was adjourned until today.

Channel sea-bed power supply

BY DAVID FISHLOCK, SCIENCE EDITOR

YESTERDAY'S PROMISE from the Prime Minister that the British and French governments would settle the sea-bed for a 2,000 megawatt cross-Channel electricity cable, provided it is commercially satisfactory, follows three years of discussions between the two countries' main electricity utilities.

of the winter of 1962-63, when the U.K. grid system suffered badly from the weather. Apart from the fact that the link has long been overtaken by the growing size of the networks of both nations, it has also a serious drawback laid upon the seabed, it has frequently fallen prey to trawlers and ship's anchors. The frequency and length of the interruptions have persuaded the utilities that any new link would be buried up to 1.5 metres deep. This summer, the CEBG surveyed the prospective route across the Channel. The conditions proved "a bit rocky" but not quite what was hoped for near Boulogne. The cost of the 60-kilometre connection, shore-to-shore, is estimated at £220m, and would be divided equally between the two utilities. The project is expected to take about four years to complete. The basic of the link lies in the fact that peak electricity loads in the two countries do not quite coincide, so that there is ample scope for the profitable transfer of large "blocks" of power from one to the other to meet peak demands. The CEBG points to the experience it has gained with the existing 1,000 MW link, installed early in the 1960s (when the standard size of turbo-generator set was only 120MW). It certainly proved its value in

Fewer children take school dinners

BY MICHAEL DIXON, EDUCATION CORRESPONDENT

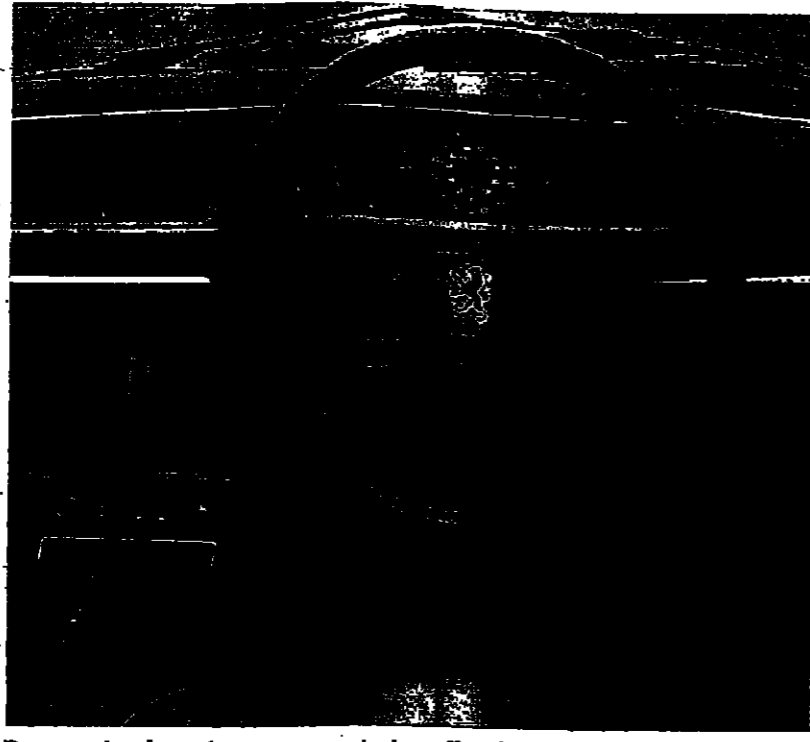
LESS THAN half the pupils a check was made in October. This compared with 7.72m. in England are paying for school dinners following the price increase imposed by the Government this summer, according to Miss Margaret Jackson, Parliamentary Under-Secretary for Education, in the Commons yesterday.

Air fares defended

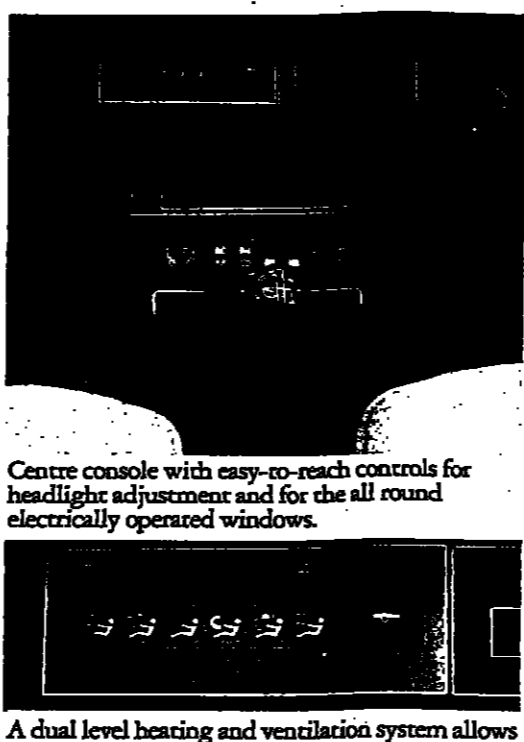
SCHEDULED AIR FARES in a profit on their European routes these drafts, the state says, are in general in line with those in other areas, but by the Association of European Airlines. AEA, Aeneas London, 350-Rte 4, 1050 Brussels.

J.P. M. P.

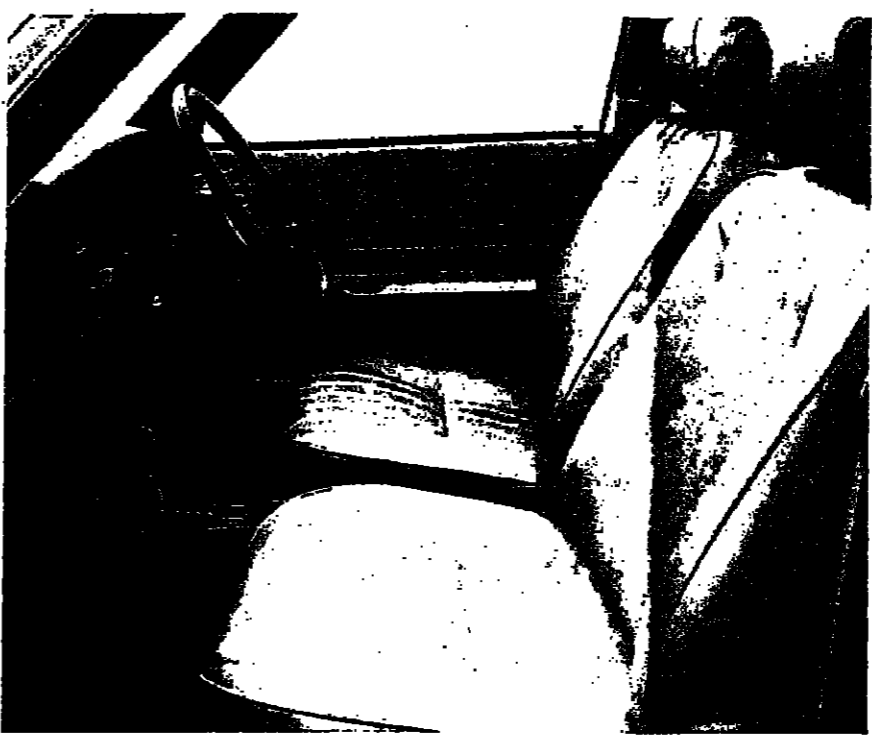
Peugeot 604. Sumptuous surroundings are standard.



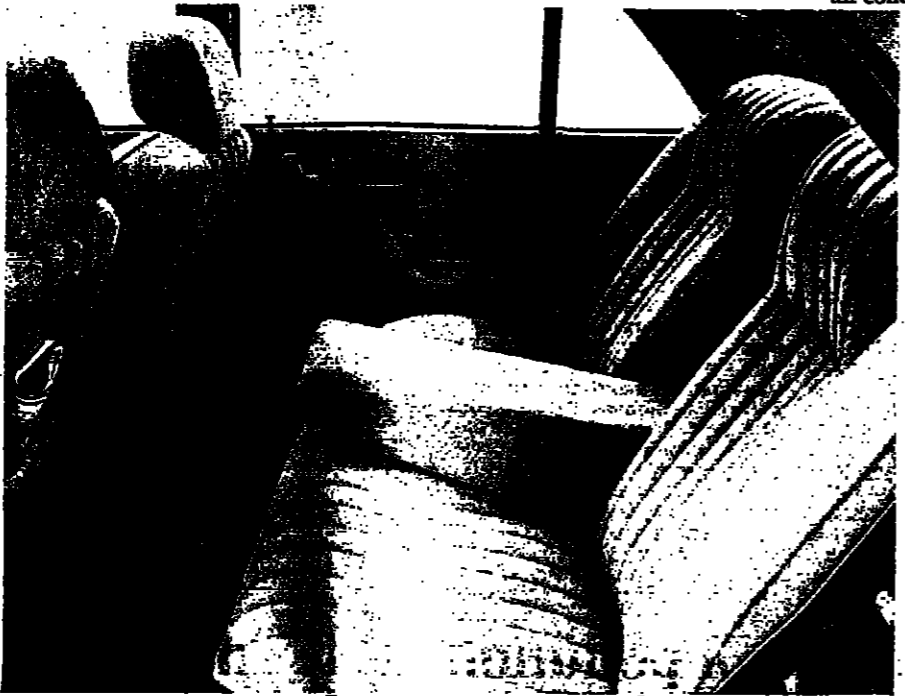
Power assisted steering removes pointless effort from driving, while retaining vital feel.



Centre console with easy-to-reach controls for headlight adjustment and for the all round electrically operated windows.



Deep, luxurious front seats with integral head restraints are upholstered with soft velours or optional leather.



Rear seat passengers have more head and leg room than in almost any other luxury car.



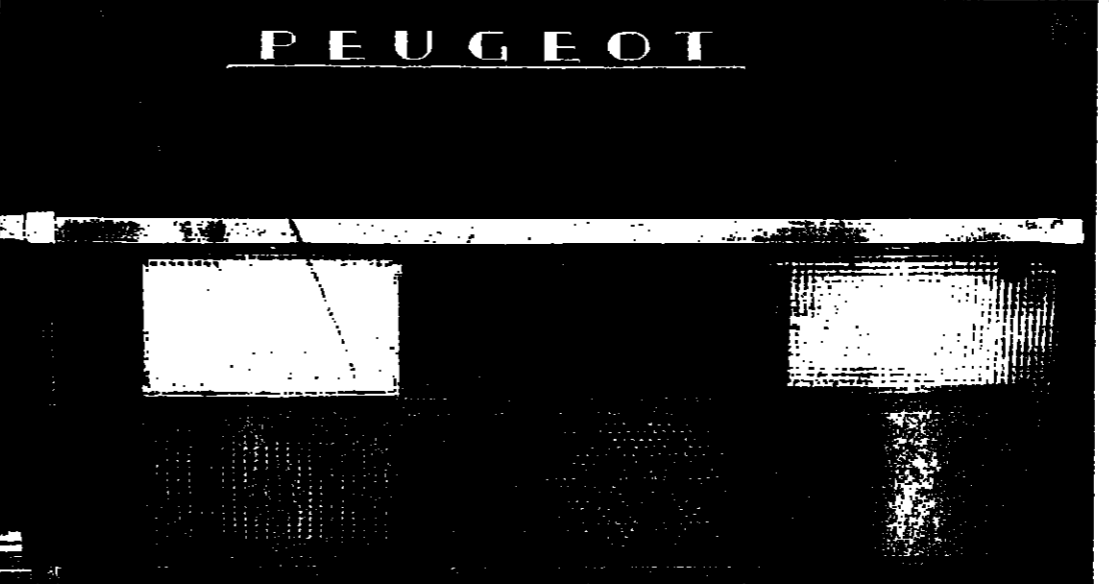
A central locking system provides instant, fuss free security at the touch of a button. Subtly tinted glass all round.



Also electrically operated, the sliding steel sunshine roof is standard on all 604 models.



Twin dip and main beam high power halogen headlights adjustable from the driver's seat.



For additional safety, rear light clusters incorporate high intensity fog lamps.



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HOME NEWS

Brighter future for building industry—NEDO

BY LYNTON McLAIN, INDUSTRIAL STAFF

THE WORST of the recession in Britain's building industry may be over, according to the National Economic Development Office.

Brighter prospects for the economy as a whole underlined the optimism noted in NEDO forecasts issued yesterday.

Big drop forecast in new private homes

FINANCIAL TIMES REPORTER

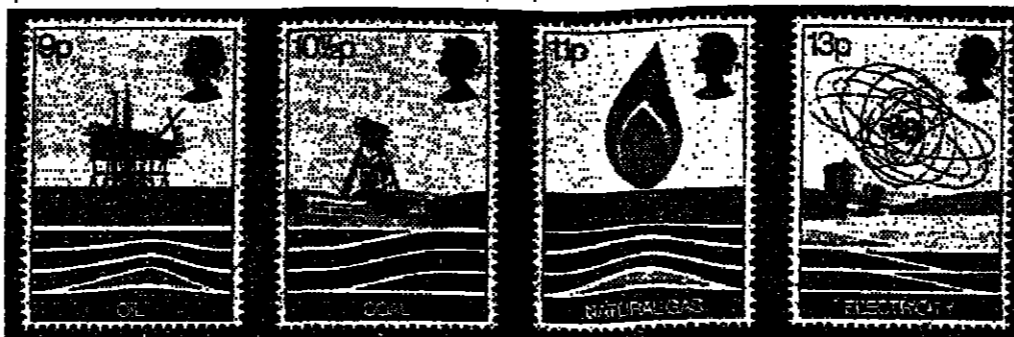
NEW BUILDING work on private sector houses is likely to fall substantially this year, according to statistics given yesterday by the National House-Builders' Council.

Thalidomide 85 left out

IMMEDIATE ACTION is needed to settle the cases of 85 thalidomide children whose parents are still outstanding, Mr. Jack Ashley, MP, who campaigned for the original settlement for such children in 1973, said yesterday.

Industry offered student courses

COURSES to allow young business managers to meet potential recruits in universities are being organised by the Careers Research and Advisory Centre, of Cambridge, as part of a programme to link industry with education.



Power in the post

The first special stamps to be issued by the Post Office in 1978 will highlight the nation's energy resources: oil, coal, natural gas and electricity.

Firm verdict on third London airport urged

BY DAVID CHURCHILL

A FIRM decision on a third London airport should be taken before any new terminal was opened at Heathrow Airport, the Greater London Council urged yesterday.

EEC scheme for Irish border communications

BY OUR BELFAST CORRESPONDENT BELFAST, Dec. 13.

AN EEC report which proposes a £50m scheme to develop cross-border communications in the north-west of Ulster was formally released yesterday.

Pension trustees face liabilities

BY ERIC SHORT

PENSION SCHEME trustees should be personally liable for damages that could arise from a breach of trust, warns Metropolitan Pensions Association, a leading firm of pension consultants, in its latest review of the employee benefits field.

Concorde settlement hopes rise

By Our Aerospace Correspondent

AVIATION officials in Singapore yesterday seemed more optimistic of an early settlement of the dispute with Malaysia which has threatened continuity of Concorde flights between London and Singapore.

Hopes have risen following a statement by the Malaysian Minister of Communications, Tan Sri V. Manickavasagam, that his government was "always prepared to talk" to British officials about the ban on Concorde flying through Malaysian airspace.

Cash call to study rheumatism

Financial Times Reporter

RHEUMATIC diseases could be beaten by more investment in research, says the first review of rheumatism and arthritis research published yesterday.

The report from the Arthritis and Rheumatism Council (ARC) and the British League Against Rheumatism (BLAR) marks the end of World Rheumatism Year.

LABOUR NEWS

Pit walk-out against Left line on output schemes

BY PAULINE CLARK AND RAY PERMAN

MORE THAN 1,100 miners walked out of Solihull Colliery, central Scotland, yesterday in protest at a claim by Mr. Mick McCahey, vice-president of the National Union of Mineworkers and its Scottish president, that all participants in this week's Scottish delegate conference were in favour of industrial action against local productivity schemes.

The walk-out came as another major sub to Left-wing miners who have tried to rally "grass-roots" support against productivity schemes so that they can push ahead more forcefully for a straight £135-a-week wage demand.

Following the UNM executive decision last week to allow area productivity deals, miners in several key areas have decided to go ahead with local incentive schemes.

Lorry strike threat over Europe rule

BY OUR OWN CORRESPONDENT

BY OUR Glasgow Correspondent ABOUT 5,000 Glasgow lorry drivers have decided to strike if they do not get an offer similar to that for 15 per cent. recently agreed by West Midlands lorries on long-distance routes.

The decision, taken at a mass meeting was described by a Transport and General Workers' Union official as a possible indicator of the union's national attitude when its executive considers the whole question of EEC regulations on drivers' hours.

Unions to leave rubber industry joint council

BY PAULINE CLARK, LABOUR STAFF

UNIONS negotiating pay rises for some 40,000 workers in the rubber industry plan to announce formally to-morrow their withdrawal from the industry's joint council.

The unions claim that current pay talks have broken down because of the employers' insistence that they 10 per cent. offer should be offset by any improvements achieved locally in shift allowances and overtime payments.

Grunwick man's 'conclusions'

FORMER Grunwick accounts assistant, Mr. Rasheed Mohammedi, who is suing his boss, Mr. George Ward, had "engineered" the arrest of four pickets, an industrial tribunal in London was told yesterday.

Jetsave to offer £179 holiday

Financial Times Reporter JETSAVE the cheapfare transatlantic charter operator is to offer a six-night holiday in New York, including return air-flight, for £179 next year.

Union's power in the balance

BY NICK GARNETT, LABOUR STAFF

THE NATIONAL ballot, due to close in a week's time, for one position on the executive of the National Union of Construction, Allied Trades and Technicians could be a pointer to the way the political balance within the union's ruling echelons might change in the long term.

ACAS to intervene in Raleigh dispute

By Peter Cartwright, Midlands Staff

HOPES of settling the 10 week strike by 4,800 T. I. Raleigh, Nottingham, has already cost the company well over £2m. in lost output, tools, cycles and components.

Last night Mr. Jack Marshall, divisional secretary of the Amalgamated Union of Engineering Workers, who is acting as conciliator for the Midlands, said the British Arbitration Board to take over the company.

High Court test case on fair pay law

A PAY parity ruling in favour of 137 members of Mr. C. Jenkins' Association of Staffs, Technical and Management Staffs is to be the subject of a High Court test case.

Union's power in the balance

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APPOINTMENTS

Senior executive changes in C.T. Bowring group

Mr. Peter Bowring is to become chairman of Bowmaker on January 1 and will take over the chairmanship of the parent concern C. T. BOWRING AND CO after the annual meeting in May.

ADVERTISEMENT



The Royal Bank of Canada announces the appointment of Robert A. Utting as deputy chief general manager of the bank.

responsibilities at the end of this January and will resign as chairman of STANLEY GIBBONS PRODUCTS, a subsidiary of Stanley Gibbons International.

Mr. P. J. Reed, a member of the Board of JUSTLY REED GROUP has been appointed managing director of the company's U.K. retail division from January 1.

NATIONAL AND COMMERCIAL BANKING GROUP states that Mr. I. W. Macdonald and Sir Thomas Waterlow Bart. will be retiring from the Board at the annual general meeting on January 12.

Royal Bank of Scotland and Loans and Pensions) and Rea Brothers (Underwriting Agencies).

Mr. G. T. Cheek is to become managing director and continues as deputy chairman of HAWKER SIDDELEY INTERNATIONAL, a leading firm of pension consultants, in its latest review of the employee benefits field.

Mr. Bernard Norman, director, retail travel, and Mr. Robert Woodford, group personnel controller, have been appointed to the Board of THOMAS COOK LIMITED.

Mr. G. C. Thompson, Mr. E. E. J. Gregan, Mr. S. E. Thistlethwaite and Mr. P. R. Walker have been appointed additional directors of the FITZROY INVESTMENT COMPANY.

Mr. Bert Seddon has been appointed secretary and writing manager of BRITISH ENGINE INSURANCE.

Mr. Gerald Langton, technical director of LANGLO AMERICAN CORPORATION, has been appointed managing director and chief executive of the Gold and Uranium Division from January.

Nisbet, a deputy managing director of the division. In addition to Mr. W. R. Lawrie, who is deputy managing director (Transport), other deputy managing directors of the division appointed from January are Mr. G. S. Young (OFS) and Mr. M. S. McCrann (East Rand).

Mr. Eric Phipps has been appointed a director of LINES and Mr. Michael Bell has become marketing manager, U.K.

Mr. Philip J. M. Stern, a partner in Alexander Eeles and Sons, has been elected president of the LIVERPOOL COTTON ASSOCIATION.

Mr. Roger Heckin has been appointed production director for the Electronic Deutsch and Helmermann Electronic Components divisions of the BOWTHORPE HELLEKEMANN GROUP and became a member of the divisional Board.

Mr. Hadley Beck has been appointed a part-time member of the PROPERTY SERVICES AGENCY Board for two years from January 1.

PARLIAMENT and POLITICS

MPs DEBATE VOTING SYSTEM FOR EUROPE

Regional list speedier and fairer, says Rees

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

THE BATTLE over the voting system to be used for direct elections to the European Parliament... Mr. Rees said that the regional list system is more likely to be adopted...

U.K. I believe that the regional list system is appropriate for the European Assembly... Mr. Hurd said that the regional list system is more likely to be adopted...

High wage settlements 'threaten tax cuts'

BY IVOR OWEN, PARLIAMENTARY STAFF

PROSPECTS OF further tax cuts helped to promote a recovery and a real rise in living standards from that situation... Mr. Callaghan stressed: "If we the level of wage settlements is not kept in check in accordance with the Government's guidelines, the Prime Minister warned in the Commons yesterday."

Summit protest by Tory leader

MRS. MARGARET THATCHER hit out yesterday at Mr. Callaghan's two-day Anglo-French summit... She said she was not short of summits, not short of decisions on co-operation, and not short of summit statements.

Booth urged to convert overtime into new jobs

THE GOVERNMENT was urged to bring in new laws to make workers take time off instead of payment for overtime... Mr. Booth said that the Government was urged to bring in new laws to make workers take time off instead of payment for overtime...

Mr. Booth said the Government was not showing any reluctance to increase public expenditure as soon as it had the income to do so... Mr. Booth said that the Government was not showing any reluctance to increase public expenditure as soon as it had the income to do so.

Heath appeals for PR support by Tories

AN APPEAL to Tory MPs to support the regional list system... Mr. Heath said he could see one single disadvantage in the Conservative Party's list of view.

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Foolish to change, says MP

MR. FRED WILLEY (Lab., Sunderland N.) moved an amendment seeking to strike out the regional list system and leave the simple majority system in the Bill... He accused the Government of "dithering and procrastination" over the direct elections legislation and said it should not be trying to force the House to come to a decision on the regional list system against its wishes.

Police claims cost £101,767

THE Metropolitan Police paid more than £100,000 in settlement of civil claims and actions against police officers in 1976-77... Mr. Arthur Lewis (Lab., Newham NW) said that the figure was £101,767, compared with £77,700 in 1975-76.

New fingerprint system

NEW £2.9m. fingerprint control system at New Scotland Yard will provide automatic facial comparison of the fingerprints of 2.2m. convicted people... Mr. Shirley Somerskill, Home Office Under Secretary, told the Commons yesterday.

Strike families get £1.3m. Killer dolphins denial

FAMILIES OF people on strike received £1,325,833 in supplementary benefits in the first three months of this year... Mr. Stanley Orme, Social Security Minister, said in a written reply to Mr. Ivan Lawrence (C. Burton) that this compared with £363,062 for the whole of 1977 year and £2,380,124 in 1972.

Grunwick chief considers dispute over, says Gorst

THE COMMONS was told yesterday that the Grunwick dispute is over so far as the company's managing director, Mr. George Ward, is concerned... Mr. John Gorst (C. Hendon N.) during the dispute, maintained that it was now up to the trade unions involved to recognise this fact.

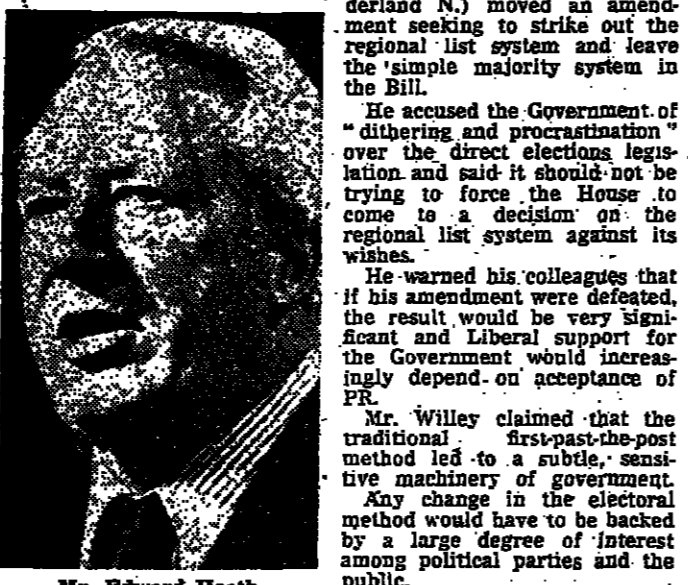
Kidney donors debate planned

ARGUMENTS FOR and against amending the law on donation of kidneys for transplant will be set out in a Health Department discussion document to be published next year... Mr. Roland Moyle, Minister of State, Health, said in a Commons written reply to-day.

CITY OF VIENNA DM 40,000,000 5 3/4% Bearer Bonds 1977/1984 - Private Placement - Hessische Landesbank - Girozentrale - Westdeutsche Landesbank - Girozentrale - Kredietbank N.V. - Zentralsparkasse der Gemeinde Wien

Three Scottish colleges to stay

THREE SCOTTISH colleges of education whose future was left in doubt by proposals earlier this year for a cut in teacher training are to be retained... Mr. Bruce Millan, Scottish Secretary, said in the Commons that the colleges could continue with reduced student numbers and reduced alternative uses had been found for part of their accommodation.



Mr. Edward Heath

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

RESEARCH

Flings out fresh water

WHAT MAY become a major advance in one of the important water desalination and purification processes—reverse osmosis—is well ahead in laboratory development at SRI International in the U.S.

Simply put, it applies centrifugal force to the reverse osmosis principle of forcing salt-charged solutions to diffuse through fine membranes.

The design of the equipment is ingenious and manufacture should be easy and permit replication so that plants of very large capacity could be designed and installed very quickly.

A demonstration model has already proved that the idea works and a portable, commercial-scale unit is being designed with potential to turn out 100 gallons per day of potable water from a seawater feed.

Each unit of this size would measure about 10 x 10 x 8 feet to meet the requirements of containerisation and provide modular plant scale-up.

In the SRI design, membrane units made up of millions of hollow tube-like fibres allow water to diffuse through the membrane walls but bar the salt.

They are packed in steel containers fixed on the ends of the arms of an accelerator. When this revolving unit is speeded up to 750 rpm, it progressively pressurises the salt water being fed down the arms and into the containers.

At peak speed, reverse osmosis takes place and the pure water is flung from the external faces of the containers into a metal shroud and taken to an outlet.

The description of the process by SRI does not say how the enriched brine is removed, other than indicating that it is by a self-cleaning process which also assists in removing other impurities.

In some instances, depending on the feed water quality, the method may avoid the need to pre-treat incoming water with chemicals.

Even at this early stage, the developers claim that their process is less capital intensive than reverse osmosis as it is now applied and very much less costly than large-scale distillation.

More details from SRI International (formerly Stanford Research Institute), Menlo Park, California, U.S.

Lower cost composites

AS PART of a programme to encourage the wider use of plastics and composite materials by manufacturing industry, PERA is exploring possible new production techniques concerned with applying these materials.

A recent investigation has shown that resin injection and vacuum impregnation techniques are often suitable for the economic production of good quality components of large size.

Glass fibre reinforced plastics (GRP) are well established as durable and reliable materials for many applications.

Two alternative techniques capable of giving a good surface finish on both sides of the components and reducing the labour costs are resin injection and vacuum impregnation.

The PERA investigation shows that these techniques used either singly or in combination could, in many instances, be used to advantage instead of the traditional method of hand lay-up.

During the investigation PERA moulded hoppers for food containment using a low-viscosity, food-compatible resin. Although the short pot life of this particular resin, when catalysed, caused some difficulties, the moulding trials indicated that the resin injection technique for producing these hoppers was commercially attractive when compared to GRP hand lay-up or fabrication in stainless steel.

A study of the economics of the resin injection process indicated that the cost of appropriate moulds is approximately two to three times the cost of hand lay-up moulds but only about a tenth of the cost for "low-cost" matched metal moulds.

The capital cost of a resin injection machine is very low when compared with a machine used to produce components of equal size by injection or compression moulding.

Suitable applications for the resin injection and vacuum impregnation techniques include casings and light load-bearing structures for machine tools, processing equipment and domestic appliances.

More from PERA, Melton Mowbray, Leics. LE13 0PB. 0664 4133.

METALWORKING



Steel billets each weighing up to 60 lbs can be forged into shape with the aid of this double-acting hammer at the Blackburn, Lancs., works of Henry Livesey. The company, a member of the Triangle International Group, exports about 75 per cent of its production and specialises in components for valve and vehicle equipment manufacturers and in pressure vessel connections. The factory is equipped for drop forging in carbon, alloy or stainless steels and for fabrication in stainless and other steels up to two tonnes.

Liquid steel output to double

DESPITE the problems with which the British steel industry is beset, the Corporation is plodding doggedly ahead with the introduction of new techniques wherever they can do the most good.

To this policy belongs the decision to provide automated information capture and display which will help operators at the Lakenby BOS plant on South Tyneside to reach the right decisions very quickly.

Important data from the plant will be collected, processed and stored while relevant information will be presented to operators either by visual displays or by printers.

The benefits from the improved data flow are expected to include almost a doubling in liquid steel output to 4.85m. tons a year.

Key equipment will be supplied by Ferranti, consisting of twin Argus 7000 processors each with 128K words of core memory and two 5Megabyte cartridge disc drives.

This accounts for the bulk of the £5m. contract which also covers communications units and links to sensors etc. There will also be a connection to the steel scheduling IBM 1800 machine which will provide information on heating processes and production of hot metal.

This is the fifth steelmaking centre to be equipped with automation units from Ferranti.

Details from Ferranti, Simons Way, Wythenshawe, Manchester M22 5LA. (061-437 5381).

short-type components if required.

A ten hp two-speed motor and gearbox, provides 12 spindle speeds up to 1500 rpm—speed can be changed under load.

Swing diameter is 400 mm; and that of the hydraulic chuck is 250 mm.

Details from the agent, W. E. Norton (Machine Tools), Atlantic Road, Avonbridge Estate, Avonmouth, Bristol BS11 9PZ (02752 5064).

DATA NEEDED for turning, milling and grinding operations can be quickly produced with the aid of a pocket calculator offered by Sandvik.

Given various inputs, the calculator will compute spindle speed, feeds, metal removal, power required, cutting depths and so on. It is also claimed to be able to compute even more sophisticated power calculations.

When given the axial and radial cutting depths, feed per minute and the specific cutting force, the calculator has an eight-digit display with floating decimal point. It operates on batteries or mains supply and sells at £10 plus VAT.

More information from Sandvik U.K., Coromant Division, Manor Way, Halesowen, W. Midlands B62 8QZ.

ALL THE production lathes at Park Brothers, of Airdrie, have been fitted with Multisize collet chucks supplied by Fraix International—resulting in a 20 per cent increase in output and providing a simple quality control method.

It was found that oversize components were difficult to insert into the collet, and undersize components required greater movement of the chuck operating lever to grip them. It was thus possible for the operatives to identify reject parts easily, and discard them without carrying out further work.

The chucks are available in three size ranges with gripping capacities from 1/16 to 3/4 in. Each collet has a gripping range of 1/4 in. and the blades can be supplied either plain or serrated.

Details from Fraix International, Park Works, Lister Lane, Halifax, Yorks (0422 66371).

TWELVE OF the pneumatically powered grinders in the A.T.A. range have been fitted with a new exhaust system which helps screen the operator from dust and sparks.

Air is radially exhausted from the tool at an angle of 45 degrees; producing a saucer shaped flow of air in front of the operator, and deflecting the grinding products away from him.

Regulation safety goggles must still be worn, since although the exhaust system increases comfort and safety it cannot provide complete protection.

Details from A.T.A. Grinding Processes, Ebbw Vale, Hemel Hempstead, Herts. (0442 64422).

By agreement between the Financial Times and the BBC, information from The Technical Page is available for use by the Corporation's External Services of source material for its overseas broadcasts.

BANKING

Currency deals speed up

CITIBANK has installed Philips Data Systems PTS 6000 terminal arrays at its main U.K. offices in London.

The dual PTS system performs two separate functions at the bank: one handles order processing and stock control for some of the bank's 100,000 travellers' cheques a year; the second batch basis to up-date files.

The Philips PTS 6000 Financial 1978, provides a teller terminal facility at six cashier positions, and has to handle all branch transactions.

The Strand branch conducts a large number of relatively complex foreign currency transactions at the counter every day and the bank was seeking equipment that would speed up transactions, eliminate errors and accelerate the branch book-keeping process at the end of each day's business.

The teller system comprises a main processor, six workstations incorporating printers, keyboards and plasma displays, and a terminal printer. The system will be linked by land-line to the bank's IBM 370/135 \$800m. worth of travellers' cheques a year; the second batch basis to up-date files.

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INSTRUMENTS

New name in scopes

DARTNOR Instruments has been making optical instruments for some years, supplying other companies for their own use under their own name, now entering the U.K. market in its own name with the model D12.

COMPUTING

BCS seeks members

THE British Computer Society, celebrating its 21st anniversary, is evidently not satisfied with its penetration of the professional computer workforce.

COMPUTING

Adds power to plotters

MICROPLOT is a microprocessor independently of any existing based control unit for driving graph plotters from mini-computer or remote mainframe computers.

COMPUTING

Makes data much safer

IBM, which three years ago committed \$40m. to the pursuit of security for information, has now developed a system that can help users protect their data against unauthorised disclosure or alteration of information.

COMPANY NOTICES

GOLD FIELDS GROUP

DECLARATION OF DIVIDENDS

Name of Company	Dividend	Amount per share
Interim Dividend Gold Mines Company Limited	42	20
Interim Dividend Gold Mines Company Limited	18	12
Interim Dividend Gold Mines Company Limited	75	40
Interim Dividend Gold Mines Company Limited	50	135
Interim Dividend Gold Mines Company Limited	8	42

COMPANY NOTICES

BRAZILIAN INVESTMENTS S.A.

Sociedade de Investimentos

Declared a 140% International Depositary Receipts issued by MORGAN GUARANTY TRUST CO OF NEW YORK

COMPANY NOTICES

PREFRAGA PORTLAND CEMENT COMPANY LIMITED

DECLARATION OF DIVIDEND No. 140

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MOTOR CARS

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- The B 80 and B 800 satisfy larger organizations seeking to decentralize or distribute data processing power within their operations. Reports are available for immediate action at local or regional levels and, through data communications networks, headquarters management can receive the information needed for overall operations analysis and control.
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- The B 80 and B 800 economically provide large computer features which automatically control all system resources, relieve your operator of dozens of tasks required by other manufacturers' computers and speed the workflow.
- Burroughs Business Management System program products let the B 80 and B 800 begin work soon after they arrive in your office. BMS application programs are available for practically every type of organization, provide fast and comprehensive management information, and are especially important to those usually not employing a professional programming staff.
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J.P.J. reports

FINANCIAL TIMES SURVEY

Wednesday December 14 1977

Flagship of national recovery

Swedish Engineering and Shipbuilding

This year's devaluations of the krona have gone part of the way towards restoring the competitiveness of Swedish engineering and shipbuilding in the world market—but as this survey by our Nordic Correspondent WILLIAM DULLFORCE shows, the problems in these vital industries are complex, and structural changes may be needed.

SWEDISH ENGINEERING has had a great challenge thrust upon it. Politicians, trade union leaders and economists have unanimously designated it as the locomotive that will pull the economy out of recession. The burden of responsibility is even greater. The steel industry is in process of attachment: the wood supply limits the expansion of the forest-based industries; so the engineering companies are being asked to generate the extra exports Sweden needs to correct its plummeting payments deficit, meet future foreign debt payments and underpin its citizens' high living standards.

What are the prospects? Good, if one looks at the engineering industry's past record and at the vigour with which some of its flagships—SEA, Electrolux, L.M. Ericsson, Alfa-Laval, Sandvik—have been coping with the current bad times. But there are also several negative factors. The shipyards, which in 1975 still contributed 10 per cent of engineering exports, are in crisis and capacity is being cut back. Both automobile manufacturers, supplying some 16 per cent of engineering exports, are making a loss on their car production.

Together with the rest of the Swedish industry the engineering companies' profit and export potentials have been reduced. The disproportionate rise in their labour unit costs between 1974 and 1976. The gap to competing foreign industries has not only partially restored by a devaluation of the krona this year. Swedish engineering has lost some 15 per cent of its export market over the past two years and has even lost some ground to foreign competition in its home market. This has

way has to be made up before it can start expanding. The ability of the engineering companies to assume the responsibility laid on them is, thus, an open question. It depends partly on factors external to it, such as a world recovery and the Swedish government's success in bringing about a re-allocation of resources to production. Within the industry itself the discussion about what needs to be done has intensified this year—along lines already trodden in other West European countries. Some experts, alarmed that Swedish engineering is losing its technological edge, want a bigger effort made on the research and development side and a greater emphasis within company management on product development. But Mr. Nils Aasling, the Industry Minister, returning from a trip abroad, warned the companies that their marketing and sales techniques were deficient, a view echoed by the unions.

Report

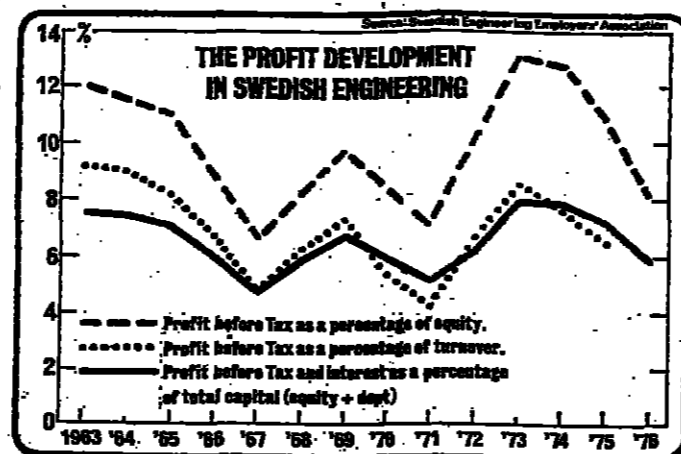
A good starting point for analysing the situation is the annual report on its member-firms which the Swedish Engineering Employers' Association has been making for the past 14 years. Profitability has decreased rapidly since 1974. Among the 240 companies surveyed the average pre-tax return on equity went from 13.1 per cent in 1974 to 7.8 per cent in 1976: as a percentage of turnover pre-tax earnings fell from 7.2 to 4.7.

Analysing the report in Skandinaviska Enskilda Banken's quarterly review, Mr. Olof Hedengren, the Engineering Association's chief economist, and Mr. Birger Hellstrom of the Swedish Employers' Association found that after eliminating tax and inflation 1976 was the worst profit year for the engineering companies since the study started in 1963. The 1976 net profit margin was only two per cent. And 1977 is going to be even worse.

Measured in people employed, Swedish engineering has been shrinking since 1975, whereas the official long-term plan predicted unchanged employment until 1980. It lost 13,000 of its 430,000 employees in 1976, will lose another 15-20,000 this year and the Engineering Association anticipates a further fall next year.

Overall production will be down this year by some two per cent, and for the first time in many years' productivity declined last year. The engineering companies' stocks in the middle of this year were equivalent to about seven months' production or more than one month larger than normal. Industrial investments will fall by 15 per cent, this year and probably by a similar amount in 1978.

And yet perhaps the most alarming indicator is the Association's activity index year and the certainty of an even lower return this year. There are some qualifying features. Despite the fall in 1960s Swedish engineering employment, the policy of pro-



has consistently followed the OECD trend with a one-year time lag—until 1976. The industry does have considerable unused capacity, which could give a quick productivity boost, if export demand should improve. The corollary is that there is no further deterioration in the competitiveness of Swedish export prices, which in turn depends on whether or not the unions will accept wage restraint.

It also should be noted that 119 of the 240 companies in the Engineering Association study reported a return on equity of ten per cent or more in 1976 (compared with 53 who made losses), so that there must be a financially solid core within the industry. All in all, however, the platform for the take-off demanded of Swedish engineering is not easy to discern. What has Sweden's new non-

Socialist government done to help build that platform? It has devalued and reduced the company payroll tax by 2 per cent from January 1 with a further 2 per cent cut to come. It has also produced a bill giving the small companies a Kr.1bn. (£115m.) capital injection in terms of tax relief and new credit facilities.

Otherwise, there has been muted but waxing criticism about the Kr.12bn. (£1.38bn.) it is injecting into unprofitable industries such as shipbuilding, steel, and textiles, in order to maintain employment. Dr. Marcus Wallenberg, Swedish industry's "grand old man," has said, "We want innovation not subsidies," while Mr. Pehr Gyllenhammar, Volvo's managing director, presenting his company's poor third-quarter report, suggested that the Government would do better to back expansion in companies which are still profitable.

Contrast

The non-Socialist coalition, in contrast with some West European labour regimes, has accepted the commitment to full employment of its Social-Democrat predecessor. Visible unemployment is still around the 2 per cent mark but the failure of the stock-producing programme is putting increasing strain on the economy and on company finances. The government sees the employment subsidies as a political necessity. In economic terms it argues that its support for the declining in-

dustry is intended to provide an orderly reduction in their capacity and a release of resources to expanding branches. The Small Business Bill is the first part of a four-stage programme sketched out by the Ministry of Industry. The second stage comprises various bills designed to give financial backing for structural changes in steel and shipbuilding; it includes the commission appointed to report on the automobile industry after negotiations for the merger of Volvo and Saab-Scania had broken down this year. For the third stage a Bill designed to stimulate technical innovation and development is being written and finally the non-Socialists hope to produce a long-term industrial policy Bill in 1979, the year of the next general election.

If one combines the latest economic forecasts and political opinion polls, which give the Social Democrats a strong lead, there must be strong doubts whether the present Government will survive to implement any industrial policy it may evolve. There is at any rate a need for a consensus about Swedish industrial strategy and in particular about which engineering branches shall get the available resources.

The prolonged recession, which has resulted in a decline in GNP this year for the first time since the war, has been a shock to Swedish industrialists and politicians alike. It has ASEA offers complete electric

exploded a certain complacency. In particular it has concentrated attention on the encroachment being made within traditional Swedish fields not only by the Japanese but by the South Koreans and other developing countries. These fields comprise not only special steels, shipbuilding, textiles and cars, but, for instance, even workshop machines. The South Koreans are now producing machinery which is as efficient and considerably cheaper than the Swedish.

A consensus among industrialists and politicians is already in the making. It is accepted that Sweden must maintain advanced, competitive technologies in specific fields. Some of these are obvious because Swedish companies are still competing well within heavy electrical equipment and high-tension transmission (ASEA), telecommunications (L. M. Ericsson), roller bearings (SKF), dairy and farm product systems (Alfa-Laval) and cement carbide products (Sandvik and Atlas Copco). But there are at least question marks over some major branches, cars, for instance, if not trucks. And what is to fill the gap left by steel and shipbuilding? Again there is general agreement that Sweden needs to stay in the forefront in data-processing but what about nuclear engineering and aircraft manufacturing?

Sweden can hardly hope to export nuclear technology, if it cuts back its own nuclear power programme as prime minister Thorbjörn Fälldin and his Centre Party want to do. Government economies will most likely prevent Saab-Scania from getting the order to develop the BSLA attack/trainer aircraft. In both instances there could be a waste of technology, sedulously built up over the last two decades.

The questions themselves highlight the demand for structural changes within Swedish engineering, which has been thrown up by the recession but is really prompted by long-trends in the world industry. Swedish thinking about the direction of the required changes and about which branches offer the best growth prospects still seems to be rather hazy. On the other hand the Swedes are drawing conclusions from their successful companies.

Most of them now purvey systems rather than individual products or product ranges, and politicians alike. It has ASEA offers complete electric

CONTINUED ON PAGE 14

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SWEDISH ENGINEERING II

Technology battles to keep pace

"WE MUST stake more on development, Kr320m. on basic quality in education and train research and Kr220m. for capital more technicians. A larger costs. It was supplemented by share of our resources must go State expenditure of close on to basic research at the universi- Kr1.2bn. in which the share of ties and to research and develop- basic research was much larger. ment within companies... we Is this expenditure enough for must reward invention. If we a country whose economy is so continue down the path of sub- export-orientated and which sidi- the whole of Sweden runs must therefore be techno- the risk of becoming a sheltered logically competitive? Because workshop with steadily falling in all research work no statisti- standards—a museum shored up cal answer is relevant but, ex- for a time by taxation." cluding defence research,

This warning was delivered Sweden appears to stake as recently by Dr. Marcus Wallen- much compared with the size of berg, the dominating figure in its economy as other technically Swedish industry for the past advanced countries—and no more. three decades. It was one of the more forceful expressions of a growing perception among lead- ing industrialists that Sweden might be in the process of losing its place among the world's leaders in technology.

This is obviously not true of all fields. A decade ago the fortunes of L. M. Ericsson appeared to be on the wane; it then produced its computerised AXE telephone exchange system and has won major contracts from under the nose of the American giant ITT. ASEA's high-tension technology enables it to compete successfully in the American heartland. Svenska Flaktt sells its air-conditioning and pollution control equipment world wide. The list could be lengthened.

Overtaken

But there are also instances where Swedish technology has been overtaken—the most obvious being in the production of special steel, once a Swedish speciality. Within the engineering industry the present setbacks to exports, production and profits have prompted the feeling that the country needs to revive the inventiveness and enterprise of earlier years, which produced SKF's ball bearings, Alfa-Laval's milk separator, Swedish Match's safety match and the condenser cooling apparatus of the Electro- lux refrigerator.

Both Government and industry have started to focus on two targets: to revive activity among the small engineering companies as a seed-bed for new ideas and enterprise and to make more effective the research and development work in universities and companies. A Bill submitted to Parliament last month aims at relieving the smothering tax constraints on small companies and offers new credit facilities for developing ideas and products.

On the tax side the Bill corrects certain discrepancies in legislation which did not hit the large companies listed on the stock exchange as much as it hurt the small family companies. It reduces wealth, inheritance and gift taxation on the small company substantially, provides for the payment of inheritance tax over a 20-year period and extends the tax allowances on export credit costs. It is estimated that these measures will cost the Treasury about Kr500m. (€57m.).

The Bill will also increase the funds available to small companies through the regional development funds, which are to give priority to product development, marketing and the establishment of new companies. Local authorities will get more State money to build factories for hire and the investment funds activities are to be expanded so that they can offer small companies all-round service and advice. These measures are calculated to cost the State a further Kr500m., making up a Kr1.5bn. packet to stimulate small entrepreneurs.

The specific hopes attached to the Bill by the non-Socialist Government are that it will promote investment by small companies and increase regional employment. But it is also intended to create a new climate for family business and other small enterprises which could encourage young engineers and researchers to start up on their own. It might be said to offer a much for nourishing new ideas.

However, it is not expected to have a short-term impact on the export markets or to help pay off Sweden's new foreign loans. For this Sweden must rely on the research and development effort within the universities and major companies. Three engineering sectors—transport, electrical equipment and mechanical engineering provide two-thirds of Swedish industry's total spending on research and development. Four companies—be completed by the middle of Voivo, Saab-Scania, ASEA and February, but it is already evident that the Government is reluctant to sink further funds into the yards and the likelihood is that at least one more, the last year for which figures are available, was just over Kr3bn. (€356m.). This breaks

Of the four big yards operated down into Kr2.52bn., spent on by Svenska Vary, it has already

RESEARCH AND DEVELOPMENT EXPENDITURE IN SWEDISH ENGINEERING BRANCHES IN 1975 (kr.m.)

Branch	Total costs	Percentage financed from own resources	R and D spending as percentage of value added
Transport	755	64	11.5
Electrical equipment	708	91	12.5
Machines	589	88	13
Metal goods	117	84	30
Shipbuilding	45	76	1.8
Instruments	40	96	7.5

RESEARCH AND DEVELOPMENT OPERATING COSTS FOR SOME SWEDISH ENGINEERING GROUPS IN 1975

Product group	R and D costs (kr.m.)
Telecommunications	304
Machine products	250
Automobiles	251
Other transport (aircraft, etc.)	273
Electrical products	218
Metal goods	177
Computers	19

party conference to query whether current Swedish educational practice was serving technological development.

Not all Swedish professors and university teachers share the views of Professor Hambræus. Bright pupils are coming through to do excellent work at university and in research. But a lot of teachers agree that too many students arrive at university with inadequate knowledge of their main subjects and too many drop out, although this may be due as much to changes in life style as to lack of ability.

ASEA's mastery of high-tension power transmission was developed in close contact with the engineers of the Swedish State Power Board. The Telephone Authority was instrumental in the creation of Ericsson's new AXE system. The demands of the Civil Defence Organisation and the Strategic Stockpiling Board produced the rock storage techniques. State pollution control requirements stimulated Swedish companies to come up with some of the world's most advanced pulp bleaching and treatment equipment.

Commission

Back at the Government level, the commission which has been studying the work of the Technical Development Board (STU) since 1974 has just handed in a majority report recommending that the Board be divided into two separate organisations, one to support the technical universities and institutes and one to finance inventors, basic company research and other customers. The 14 permanent boards

currently operating under the STU-label on a branch basis would give way to two organisations, one for research and another to handle new ideas. The practical work should be more target-oriented, specialised groups planning starting up projects with clearly defined limits over a two-year's basis.

STU has about Kr300m. of public funds available. It is designed to carry work in prototype stage but the Government recognises that it is frequently after the prototype stage that development takes out. Ideas on the subject in the Ministry of Industry still appear to be in process of formation but a requirement is seen to make it easier for the companies to devote more funds to developing prototypes in the production stage.

Grim picture for shipbuilding

THE WORLD RECESSION has had a more savage impact on the shipyards than on any other sector of Swedish engineering. Three years ago Swedish shipbuilders were second only to the Japanese in tonnage built and felt second to none in both construction and production techniques. They were in the middle of an investment programme to enlarge the yards' capacity and improve efficiency. This year the state had to step in, extend its control of all the major yards with the exception of Kockums and obtain Parliament's approval for a capital injection of Kr4.8bn. (€550m.).

In November the management of Svenska Vary, the new state shipbuilding company, shocked the Government by announcing that it expected to make a loss of Kr1.8bn. (€184m.) in 1977 and would need a further share capital injection of Kr1.2bn. It estimated that it would make further losses of Kr1.5-2bn. in the three years to the end of 1980. At the same time Kockums is seeking a state credit guarantee of Kr500m. to enable it to build a third LNG tanker on its own account. The alternative is to close its yards or have it, too, taken over by the state.

The Government has set up six groups under a steering committee of five parliamentary under-secretaries to re-examine the prospects of Swedish shipbuilding and for employment in the industry. This study has to be completed by the middle of February, but it is already evident that the Government is reluctant to sink further funds into the yards and the likelihood is that at least one more, the last year for which figures are available, was just over Kr3bn. (€356m.). This breaks

been decided to shut down Eriksberg, which has an annual capacity of some 1m. dwt. a year, by the end of 1978. In 1975 another Gothenburg yard, Lindhomen, was closed. Under the existing retrenchment programme Gothenburg's shipbuilding output, measured in dead-weight tonnage delivered, will fall in 1979 to 15 per cent. of the 1974-1975 level.

The number of ships delivered will be halved, the yard's steel consumption will have shrunk by 75 per cent., unemployment will have fallen by 55 per cent. and the number of working hours spent on new buildings will have declined by 65 per cent. and an important part of the vessels built in 1979 will be for the yard's own account.

Retrenchment

Gothenburg will bear the brunt of the retrenchment programme largely for historical and special reasons. The yards account for 25 per cent. of the employment in Sweden's second-city but yard closures would have even deeper impacts in other areas. In Landskrona, for instance, 39 per cent. of workers are employed in the Oresund yard, while 52 per cent. in Uddevalla depend on shipbuilding for their living.

socialist government, committed to private enterprise, would feel justified in supporting Kockums in Malmo, while perhaps closing the Armand yard in Gothenburg.

To a rather malicious foreign shipbuilder the Swedes would seem to have been caught with their pants down, when the market collapsed. They had heavily committed to construction and at the time were caught by the rise in labour unit costs in the 1974-76 period, in general suffering from a 10 per cent. devaluation of the krona in August and the subsequent appreciation of the yen. Swedish shipbuilders reckon their production costs are still around 25 per cent. higher than those of the Japanese yards.

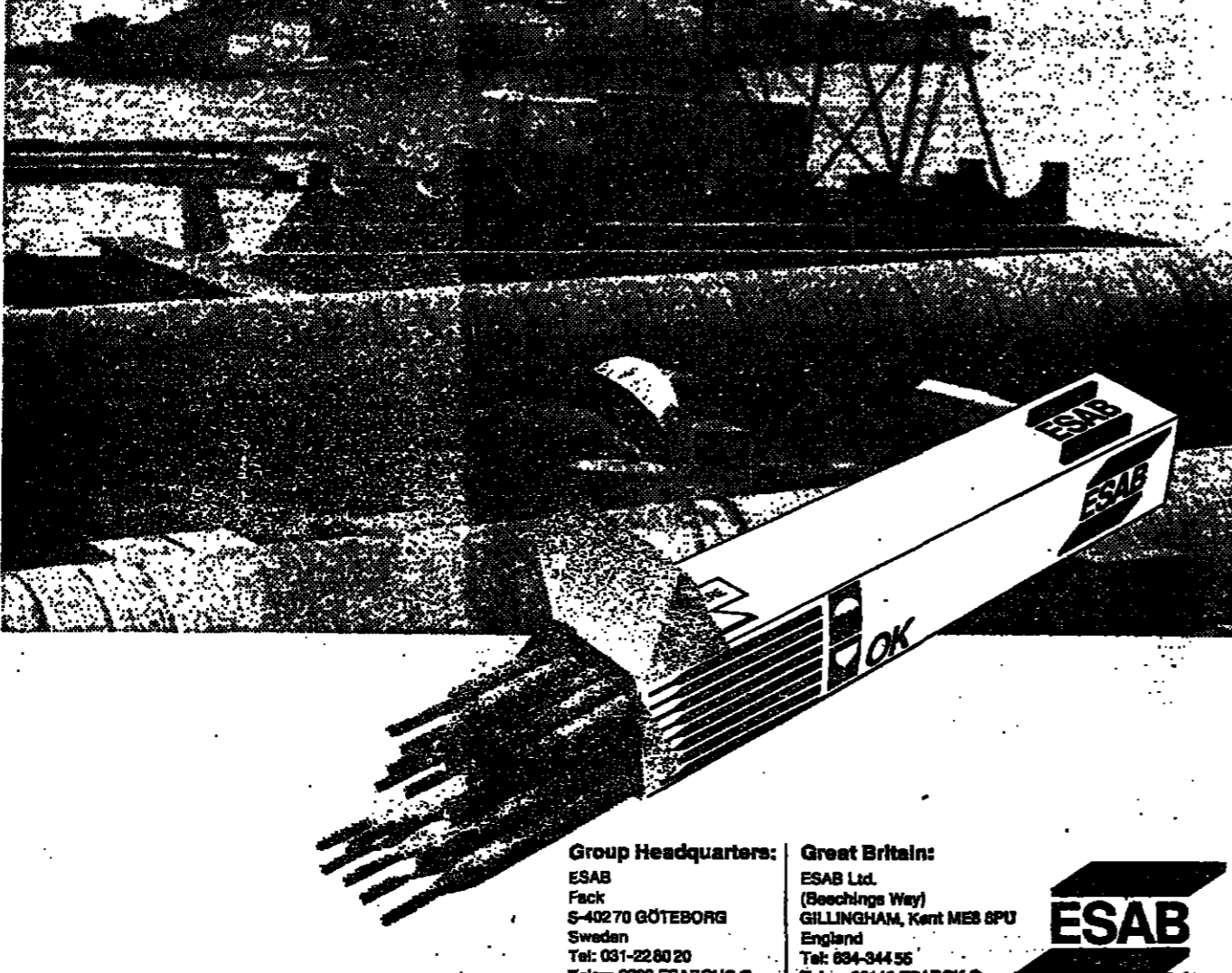
The Swedes' method of dealing with the situation has been harshly criticised abroad. The reproaches focus on the decision to build vessels for stock, "on own account" as Swedes prefer to say. Stockpiling with government financial support has been a key element in Sweden's economic strategy to maintain employment during the recession and is not particular to shipyards. Foreign shipbuilders, however, argue that the Swedes are only aggravating the capacity situation by building vessels which are not needed but will delay the upward freight rates and demand.

To this the Swedes reply that their stock building is only one element in a retrenchment programme which will cut capacity of their shipyards substantially than the reductions planned in some other leading shipbuilding nations. This argument is now open to what extent even a non-

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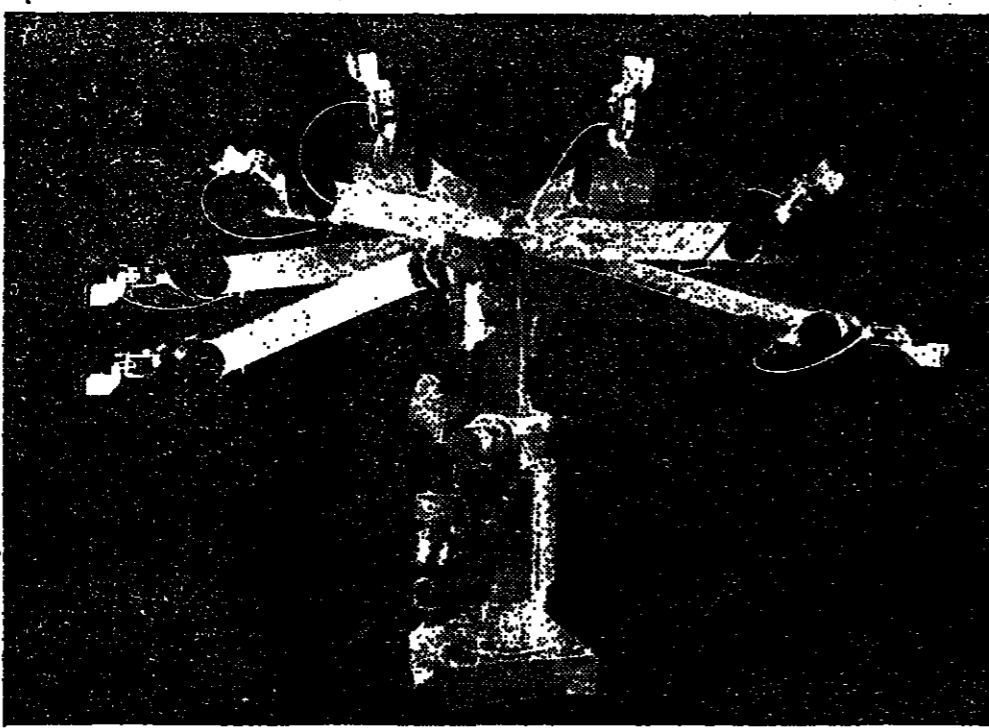
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July 1978

Yards look for alternative work

DISMAYED BY their shrinking order books Swedish shipbuilders have been examining possibilities of using their enormous steel-handling capacity and the very advanced technological skill of their designers and workers to build structures. Previously had difficulty in penetrating the market for offshore oil platforms and production platforms as opened up by North Sea developments because of the size of these Norwegian and British contractors. But recently the Swedes have begun to look at alternative work with some innovative gas processing platforms and interest in at least partially compensate for the slump in shipbuilding.

Gotaverken, now a wholly-owned subsidiary of Svenska Varv, the State shipping company, and the newly-owned Kockums have been operating industrial manufacturing divisions. Kockums has been moved out into entirely new production areas such as machinery and transport equipment, computer and systems, the bio-chemical field and agriculture, and less easily adapted with shipbuilding. It is one reason why it has entered on promoting a natural gas project for Sweden, which aims at exploiting the import of the raw material in gas tankers, a considerable number of which

could be built in its own Malmö yard. Gotaverken's subsidiaries have operated with steam boilers and recovery units for the pulp industry, diesel engine production and aluminium construction products. Its Calor-Celsius subsidiary is the largest piping contractor in Sweden with long experience also in electrical installations. As a result Gotaverken, co-operating with the Danish company of Haldor Topsøe and calling on both Swedish and foreign component manufacturers, has been able to put together a group capable of producing and delivering floating processing plants on a turnkey basis.

Its first platform order was a relatively modest one from a Gothenburg company, Container Safe, for a "hotel," a floating hotel built on a self-propelled semi-submersible structure of the Norwegian Aker design and intended for service in the North Sea. It will have accommodation for 600 people, who can be moved daily to and from oil drilling platforms by helicopter or boat.

Gotaverken is still waiting for orders for its more ambitious projects but it is understood to be well advanced in negotiations with a Middle East customer for a natural gas liquefaction plant. It hopes to seal this potential \$500m. contract next year. The project aims at exploiting the import of the raw material in gas tankers, a considerable number of which

plant would be built in Sweden on eight separate barges, each measuring 120 x 30 metres, linked together in two units of four. The barges would be towed to their Middle East site on submersible pontoons and beached there.

Attraction

The attraction of this project for the customer is that he would get a functioning process plant, complete with infrastructure, delivered at a site, where no local infrastructure or technical skills currently exist. Gotaverken is reluctant to release full details while the project is still under negotiation, but it is understood that the plant would have a capacity of 300,000 barrels of products a day. Gotaverken estimates that it would need 23 months to complete the plant from the signing of the contract to the tow-out from Sweden.

The steel work would provide some 500,000 man/hours of work but the total project would give the Svenska Varv group as a whole 1.5m. man/hours work or roughly the equivalent of building three to four medium-sized tankers. The barges with

their equipment account for less than half the estimated \$500m. contract price, which covers also design, preparation, tow-out, insurance and possibly some training of local staff.

Gotaverken has other barge-mounted processing designs in the pipeline, including one for an ammonia plant, which it presented at the Houston Fair in May. The rationale behind these constructions is that they have since considerably refined, make it possible to develop profitably natural or associated gas reserves which would be too small or too badly located to justify permanent, land-based installations. Gotaverken emphasises the flexibility of the systems built round modular designs which allow room for expansion or adaptation to local requirements.

Another argument in their favour is their cost effectiveness. To begin with, manufacturing and erecting the plant in the contractor's specialised workshops and yards reduces investment costs and construction time as well as start-up and maintenance expenditure. The lessening of the overall construction period in comparison with that of putting up a land-based plant also cuts interest

charges on capital and reduces the risk of cost escalation from inflation. These arguments have yet to be put to the test but have been sufficiently telling for at least one customer to enter serious negotiation.

Kockums has staked heavily on the construction of LNG tankers, a technique which it helped to pioneer in the late 1950s and 1960s and which it delivered to Phillips Petroleum and Marathon Oil two LNG vessels with a capacity of 71,000 cubic metres each based on the membrane system developed by the French Gaz Transport. These two ships, the Polar Alaska and Arctic Tokyo, have since made more than 130 trips each between Alaska and Japan and have surpassed their original operating estimates.

Kockums has since developed the Gaz Transport system on its own and is currently building two 133,000 cubic metres LNG vessels at a cost of over Kr.1bn., putting them among the world's most expensive ships. It has designs ready for carriers of 167,000 cubic metres and says it is prepared to build vessels of 200,000 cubic metres. This

is an extremely bold venture because the LNG carriers are being built to Kockums' own account.

Mr. Nils-Hugo Hallenborg, the managing director, arguing that only fools would build tankers or bulkers for stock in the present state of the market, believed that one way of keeping his yard in business was to build ships in which the technology was advanced enough to outpace the competition. A market was in sight as projects for the sale of liquefied natural gas approached fruition, in particular the sale of Algerian gas to the U.S.

Networks

Most of these plans have been delayed and President Carter has still to signal the go-ahead for the Algerian project. Mr. Hallenborg is running the risk of being too far ahead of his time. But in an imaginative effort to close the gap between the government's plans for the import of Middle Eastern or North African liquefied gas and the construction of two gas distribution networks

within Sweden. The plan, designed to meet Prime Minister Thorbjörn Fälldin's doubts about the nuclear energy programme, presented two alternatives at estimated costs of Kr.11.4bn. and Kr.9.1bn. for the total package. It also in theory spelled salvation not only for Kockums but for Svenska Varv, which would together take the bulk of the orders for the 15-22 LNG carriers required.

The Kockums plan was strongly criticised by Swedegas, the gas company in which the state has a half share. The government set up a special study group to report to its energy commission. For the moment it appears that the recommendation is likely to go against the Kockums project.

The Energy Minister and Swedegas have been negotiating with West Germany and the USSR for the import of more modest quantities of natural gas by pipeline. A plan for the import of natural gas from Nigeria will not be realised before 1983 or 1984.

Kockums has other irons in the fire. Three of its subsidiaries, the automation, computer and energy systems companies, originated partly from

Shipbuilding

was introduced it was seen as a bridging operation to a market recovery first in 1976 and then built by Kockums. At present the Swedes also say they are not planning to expand their present stock-building programme, which will produce ships representing a mere 0.1 per cent. of world tonnage.

Kockums forecast in its eight-month interim report that it would make a loss of around Kr.100m. this year. Earnings by the shipyard, which amounted to some Kr.72m. last year, will be lower. The group's industrial companies, which were showing a loss at the eight-month stage, are expected to recover sufficiently to equal last year's earnings of Kr.7m.

Illustrates

The real trouble comes from the shipping company, which had lost Kr.71m. by the end of August. It illustrates another problem facing the Swedish yards. They are being forced to expand their shipping interests at a time of rock-bottom freight and tanker charter rates, in order to cope with newly built vessels, for which the owners cannot pay, and with their own stock production.

Gotaverken, the largest unit in Svenska Varv, through its subsidiary shipping companies, Zenit and Eldern, has interests in 16 vessels built or under construction. This year Zenit has had to increase its holding in the Teamship group, which operates six OBO ships built at Gotaverken in 1972-73 because of the financial problems of its partner, the Norwegian shipper Halfdan Ditlev-Simonsen.

Its fleet includes a 120,000-ton OBO ship built for Diamantis Lemos, which Gotaverken had to buy in at a Hamburg auction this year. Diamantis Lemos has refused even after arbitration in Gotaverken's favour to take delivery of two more vessels of the same type, while the shipyard's dispute with Libya over three tankers will be arbitrated in Paris this month.

To cap the Swedish shipbuilders' misfortunes, the Norwegian Government announced in November that it would refuse import licences for eight vessels at contract prices of around Kr.600m. ordered by Norwegian owners from Svenska Varv yards. The orders would benefit from the 100 per cent. credit and guarantee support the Swedish State is providing for Swedish owners.

The Norwegian Government left this conflicted with OECD rules. At the time of writing this issue is still under negotiation in Oslo. If the orders go through, the Swedish yards could cut part of their stock production.

The outlook for Swedish shipbuilding is undoubtedly grim in spite of the fact that it operates some of the world's finest, most efficient yards. It is difficult to see how the new government study of the industry can be more than another exercise in crystal ball gazing, as long as the freight and tanker markets exhibit no real sign of recovery. The yards' attempts at diversification cannot significantly alter the situation before the government will have to decide on further cuts in capacity, which this time will almost certainly have to involve Kockums.

Orders

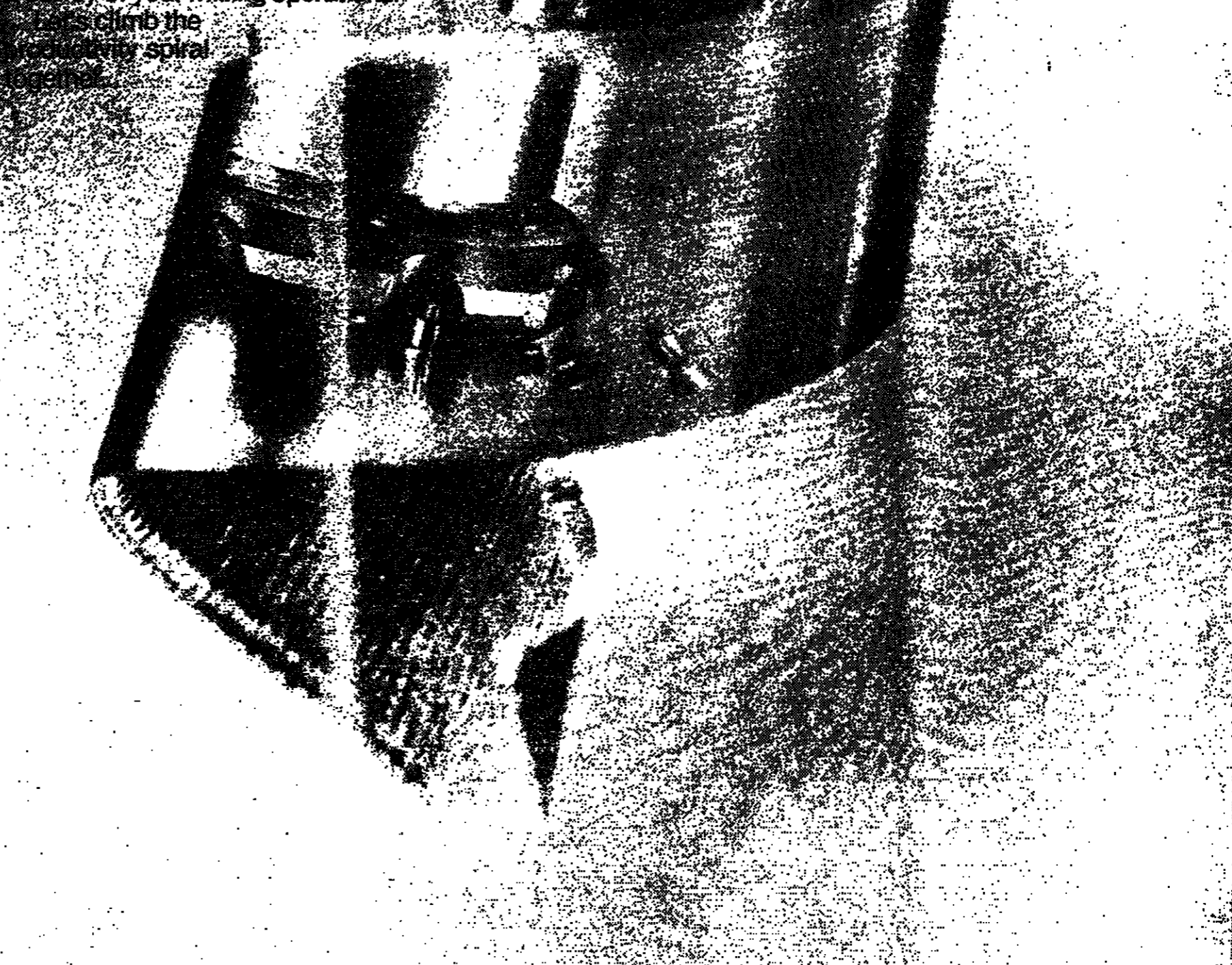
Kockums has received no new orders this year. It will complete its last 355,000-ton tanker in 1978 and will then be faced with building gas tankers on its own account. The Board so far undertaken to build 155,000 cum LNG tankers at a cost of some Kr.1bn. and approached the government for credit guarantees to enable it to build a third.

Mr. Nils-Hugo Hallenborg, the managing director, has banked heavily on persuading the government to build a natural

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Environmental technology

SWEDEN CAN fairly claim to be among the world leaders in environmental engineering. It was one of the first countries to legislate against pollution and has enforced its legislation more swiftly than most. In some fields the Americans and Japanese may have more stringent regulations but Sweden is certainly near the head of the field in Europe. It has had outstanding success in cleaning up its lakes from pulp manufacturing discharges, in reducing air pollution and in improving industrial work environments. It was no coincidence that Stockholm played host to the first world environment conference in 1973.

In achieving this record Swedish companies have had to develop new techniques and systems. It has been estimated that Swedish industry invested about Kr.2.2bn. (£350m.) in environmental protection during the five-year period 1969-74, equivalent to 5 per cent of total industrial investment. Capital expenditure has continued at roughly the same pace since with annual operating costs rising steadily from the Kr.1bn. to Kr.1.2bn. spent in 1974.

The pulp and paper industry alone spent about Kr.650m. between 1969 and 1974 to halve its discharge of pollutants into waterways and it has seen a boom in the development of enclosed production systems, recycling and waste recovery equipment. It would be odd, if engineering side did not pay off in the form of export orders, all the more so now that the EEC countries have started to

Duckpond

There are several problems. One is what a leading engineer calls the "duckpond" mentality: Sweden's domestic effort has been dispersed among a fairly large number of companies which have not yet got to the point of uniting for an export drive. It is all the more important to do this in that the Swedish potential lies in the integrated systems they can offer.

Other factors which have so far handicapped the Swedes are the delays in enforcing anti-pollution legislation in some countries, during the present recession and national self-interest. The environment protection business is not a striking example of free trade, because countries have started to

tighten their anti-pollution requirements. It has been estimated that West Germany, for instance, will spend some DM15.16bn. (£3.75-3.74bn.) on environment improvement over the next three years, such of it on techniques already in use in Sweden.

Sweden has, indeed, become something of a Mecca for industrial executives and local authorities seeking to find out how it is done. And yet with one outstanding exception the Swedes have still to exploit this particular engineering skill on the export market. The Export Council is now planning to promote Swedish systems but it remains an open question whether the Swedish companies can market their new technology.

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Flagship

CONTINUED FROM PAGE 1

transmission systems. Alfa-Laval has just won a turnkey order from Algeria for an oil-field service centre, including facilities which it cannot provide itself, but which it will sub-contract. Emerging is a strategy in which a big concern will make the initial breakthrough on an export market for the benefit of other companies as well as itself.

This naturally calls for a greater degree of co-operation among companies and it may be no coincidence if Swedish industry over the next decade starts to operate in a pattern resembling that of the big Japanese conglomerates. This trend would make it all the more surprising, if the merger of Sweden's automobile manufacturers did not after all come relative to size. Companies such as ASEA and Electrolux are already developing second generation robots.

PRODUCT STRUCTURE OF SWEDISH ENGINEERING EXPORTS

	Non-electrical machines and appliances	Electrical machines and appliances	Tran. Cars, vessels and buses	Other	Transport instruments	Arms and munitions	Total
1965	627	3,231	1,168	932	1,480	379	136
1970	1,180	6,145	2,612	2,468	1,834	914	371
1976	2,957	12,879	7,359	5,604	5,800*	2,052	1,179
%	7	33	20	14	15	5	3

* This figure includes secondhand ships sold during the year to a value of over 200 million. Engineering exports account for almost exactly half the value of all Swedish exports. Source: Swedish Engineering Employers' Association.

A more sensitive issue is the expansion of production outside Sweden. This is particularly delicate at a time when employment within engineering is falling but the fact remains that several of the companies, which have come through the recession almost unscathed, have done so partly because they manufactured abroad more cheaply and close to their markets. Electrolux, for example, has been resolutely pushing forward on foreign markets through takeovers, has not only shown a good profit performance but has also boosted its exports from Sweden.

Motor sector needs some changes

AT THE end of August Mr. Pehr Gyllenhammar, Volvo's Managing Director, announced that his company was breaking off merger talks with Saab-Scania, the other Swedish group producing cars and trucks. He regretted that the merger plan, which the two concerns' chairman and chief executives had announced four months earlier and which was "so important to the Swedish automotive industry and the future national economy," had not been completed.

To focus on the present standing of the Swedish automobile industry, one can quote other remarks by Mr. Gyllenhammar at that Press conference. Volvo's foremost hope had been that the merger would "deminish the two companies' vulnerability, and not only increase profit margins. Together the two concerns would have had greater room for manoeuvre. One could have switched from defence to attack on the international market."

For the truth is that the Swedish automobile manufacturers are currently on the defensive. They have been selling fewer cars, the upsurge in Swedish manufacturing costs has been squeezing their profits. They are meeting tougher competition within their chosen sections of the car market and their attempts to move into other areas have not so far been crowned with success.

If they are not yet in crisis, they certainly have problems and their future is by no means staked out. Their truck businesses are still doing well; they give a good return on capital, even if they have not met all their sales targets, this year. But both Volvo and Saab-Scania are currently running their passenger car operations at a loss. The government appointed a commission in October to examine the automobile industry and it is no secret that it expects the commission to recommend a merger. The powerful metalworkers' trade union

has revived its own probe into the advantages of merging the two companies. The odds are that wily-nilly Volvo and Saab-Scania are going to be forced into some form of fusion, the very least on the car side. One of the basic problems is size. On the world market the two Swedish companies are dwarves; they may have the technical competence but they lack the financial strength to compete on even terms with General Motors, Ford, the Japanese or even the European producers.

Yet at home Volvo is the biggest corporation not only in Sweden but in the whole of the Nordic Bloc. Volvo and Saab-Scania together would be double the size of any other Swedish enterprise. It has been estimated that Volvo alone through its subcontractors provides work for some 100,000 Swedes. It accounts for almost 8 per cent of Swedish exports.

The two Swedish manufacturers have a car production capacity of just under 500,000 including Volvo's Dutch factories. Last year they produced 392,700 and sold 369,000 to a value of Kr.19.9bn. (£1.24bn.), of which Kr.8.4bn. was on Volvo's account. This year they have been expanding production with the intention of offloading stocks of unsold cars. The combined production target was around 320,000 cars with sales hopefully reaching 350,000. Both companies have thus been operating for two years at well below capacity.

In trucks and buses the picture is much brighter. The Swedish group's powerful force in the heavy end of the market, producing close to 50,000 vehicles a year of which the bulk are in the over 15-ton class. The combined turnover last year was Kr.7.4bn. (£855m.), of which Scania contributed Kr.3.4bn. Volvo showed a return on investment of 11 per cent on its truck business in 1976, while Scania

which also holds the Volvo-wagen/Andi agency for Sweden, reported a 14.3 per cent return on capital employed. The Scania truck division headquarters at Sodertalje was one of the main centres of resistance to the plan for a merger with Volvo. It produces engines and gear-boxes for the Saab cars and since the merger with Saab in 1969 its earnings have been subsidising the cars. The Saab car was an offshoot from its aircraft production and, despite the brilliance of its engineering, it has failed to achieve the production volume required for economic viability.

The Scania men were, therefore, very sceptical to the plan for associating their profitable truck operation with yet another car business. Its cars were the main source of Volvo's profits during the 1950s and 1960s, when the world car market was expanding and its reputation for reliability and good engineering enabled it to take out higher prices in the "premium" end of the market. Saab's success in the 1960s was due to its engineering qualities attracted a steadily growing market segment.

It expanded its truck and bus operations, stepped up research into collective transport systems, and in 1974 and 1975 put substantial capital into Volvo BM, the subsidiary producing construction, farm and forestry machinery. It also moved into the leisure field by acquiring sports equipment and small boat manufacturing companies.

With the exception of the truck expansion, the return from this heavy investment has been meagre. The premature launching of the 343 before all the faults had been ironed out resulted in a setback. -Volvo has now sunk some Kr.450 (£51.7m.) into its Dutch factories. The 1977 production target is 64,000 cars, whereas an annual output of 100,000 would be required to reach the break-even point, and the Dutch Government, which has a 25 per cent holding in the operation, is being asked for more financial support.

After experiencing a profits slump in 1976 Volvo BM has seen its sales drop by 5 per cent during the first nine months of this year and appears to be heading for a loss in 1977. Volvo has been pulling out of its ventures in the leisure field. It has cut back heavily on its overall capital expenditure, took steps to reinforce its liquidity last year and moved into a defensive posture. The assembly plant it built at Chesapeake, Virginia, has been virtually mothballed and turned into a trans-shipment point for imports into the U.S.

Saab-Scania produced a better half-year report this year than expected, showing a fall of only Kr.6m. in pre-tax earnings on the consolidated account. The Scania truck division reported a 21 per cent sales growth but development on the car side has been weak despite a significant improvement in sales to the U.S. Saab stated in December that it would cut car output by 12 per cent, in order to clear the unsold stocks in the distribution pipeline. In September it announced the closure of its Belgian assembly plant.

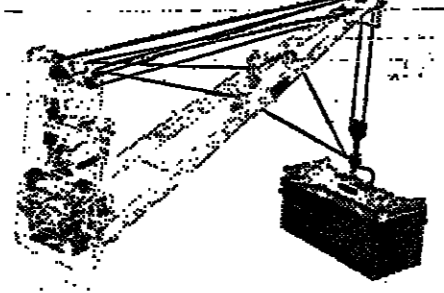
As with most big Swedish engineering companies it is difficult to determine to what extent the car manufacturers' current trends and to what extent they are a result of the general market conditions. At both Volvo and Saab the producers are battling to "rain production volume", are meeting sharper competition in their particular segment, the Swedish manufacturers more dependent than other exports.

Mr. Gyllenhammar points out that the ten per cent of the West German market controlled by Mercedes means annual sales of 220,000 cars. Volvo's 22,233 in the Swedish market are around 50,000 cars exports some 55 per cent cars and Volvo close to 100,000 cars. The high Swedish production costs are squeezing their margins at a time when the assumption that they have technical superiority to most other car makers is being questioned. A Saab car is expected to sell at a volume at a price higher than a BMW 525. It is significant that Volvo has its price policy this year aimed at trying to meet profit margins that the ten per cent of the krona devaluation in hope of increasing sales.

The nub of the question is that as small-volume production technological development is vital for both Volvo and Saab, both need new models. Volvo has invested heavily in research and development, but the question is whether they can afford to do so. As long as they main private concerns, they depend on the international capital markets, whose dependence on profit performance is well known. This year Saab has introduced its turbo engine, which has not yet received in the trade but it is incorporated in eight-year-old body. Volvo policy has always been to improve its models with a change every decade or so, the time is rapidly approaching when it needs to change its and 280 series more radical. It is introducing a diesel next year but more is required. Within the Swedish establishment there is a question whether Volvo's development strategy is self-defeating. It is felt that Swedish engineering possesses the knowledge needed for a radical advance in car technology, especially in the area of micro-computers and materials. The question would be to use the capital required to develop such a car and the risk involved.

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The Management Page

EDITED BY CHRISTOPHER LORENZ

The new British Ambassador to Washington may well have had the accounting profession in mind last summer when he explained the difference in the way the Americans and the British see a problem. The Americans, said Peter Jay, try to solve their problems; the British look for ways to live with them.

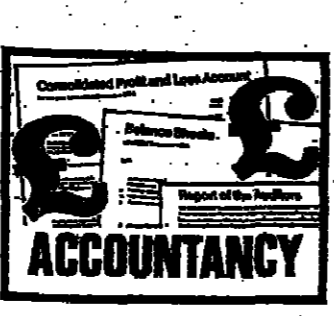
It takes better leadership to find solutions than it does to reach a compromise, and good leadership is what is conspicuously lacking at the top of the British accounting profession today as it grapples with a number of important problems.

Even the compromises are unpalatable. The revolt by the rank and file of the English Institute against the Morpeth proposals seems to have induced paralysis of nerve among the leaders of the Accounting Standards Committee. If the Morpeth proposals can be implemented for their subjectivity, as they can, then the latest efforts to deal with the problem of deferred taxation can only be described as an abdication of any attempt at objectivity.

And the ASC's recent posture is reminiscent of that of the monkey who starved to death because of his inability to see between the two bales of hay.

In its proposed standard on precision the ASC did grasp a nettle, and suggested that company accounts should be required to depreciate their holdings. But in this case its solution was thwarted by the English Institute whose Council rank from a confrontation with property companies, despite the fact that all the other professional accounting bodies had already endorsed the C's proposals.

Indeed, as the collapse of the profession's integration scheme illustrated, the English Institute is an unhappy knack of pulling a rug out from underneath the other five bodies once they have committed themselves to proposals of benefit to the profession as a whole.



A leading authority puts a personal view

The case for self-control

By Edward Stamp

It is impossible for the auditor to be independent, and therefore impossible for him to be a beneficial or non-beneficial shareholder in the client company. It is absurd to argue that an auditor who has non-beneficial trustee shareholdings in a client can effectively discharge his functions as a trustee and at the same time be seen to be independent as an auditor. The validity of this point is well recognised in North America, and it is about time that it was accepted here.

The profession has a clear duty to recognise that auditors compromise their independence through these non-beneficial shareholdings. Once the auditor's independence is compromised his credibility is undermined and it then becomes proper to question (as some have done recently) whether the hundreds of kind

of the accounts upon which he is reporting.

All of this, of course, is tied up with the natural desire of auditors to make as much money as possible, and in fact the beneficial or non-beneficial shareholders in the major accounting firms make a very great deal of money indeed. (Just how much money, however, is not yet public knowledge in this country, despite the fact that the profession is dedicated to the proposition of full disclosure by its clients.)

There have recently been one or two well-publicised and rather unfortunate illustrations of the extraordinary zeal with which some firms of accountants are willing to pursue their competitors' clients. Clearly, it is difficult to reconcile being an aggressive businessman with being an independent public accountant. But if excessive competitiveness sullies the appearance of independence there is little doubt that any kind of shareholding in a

client company virtually destroys this essential quality of an auditor.

Even at its present leisurely pace the profession will no doubt produce a set of auditing standards within the next year or so. But even when this is done there remains the difficult problem of enforcing them. If the profession is to avoid Government regulations it must make a serious and credible effort at self-regulation. This, at the moment, it is not doing, and this is why a committee was established early last year to look into the ways in which the profession might strengthen its disciplinary procedures. This committee, under the chairmanship of a senior and distinguished retired judge, Lord Cross, reported recently.

Although the committee seemed to recognise that a profession cannot expect to command respect if it lacks the power to enforce its own professional standards, the Cross Report is disappointingly vague and inconclusive in its proposals. Its analysis is incomplete and unconvincing, and among other things it fails to bring out the fact that the disciplinary standards of the Scottish Institute are well in advance of those of the English Institute.

Yet I have no doubt that the Scots would be the first to admit that a good deal more needs to be done before even their enforcement procedures can be considered to be adequate. It is indeed a pity that a com-

mittee under the chairmanship of a former Lord of Appeal has been so ineffectual in helping the profession to deal with this crucial problem.

In the meantime, in lieu of tighter standards, adequately enforced, the profession is pressing the Government to limit the liability of those auditors whose work is sufficiently bad that they are compelled to make financial restitutions to persons suffering from their negligence.

There has of late been a good deal of wailing and gnashing of teeth within the profession about the size of these claims. Yet these complaints carry little conviction in the absence of any figures to support them. British accounting firms do not publish their results and so there is no way of knowing how large the settlements, and the insurance costs, have been.

Damages

The American legal system, with its class actions and contingent fees, makes it very much easier for a plaintiff to collect damages from a negligent auditor. And in the U.S. at least two of the major accounting firms (Arthur Andersen and Price Waterhouse) now publish their financial results. The most recent figures for Price Waterhouse, for 1976, show that "practice protection costs" (including insurance) amounted to \$4.1m. and out of total fees of \$221.5m. and net partnership income of \$48.3m. In the case of Arthur Andersen, the corresponding figures for 1977 were: indemnity insurance and litigation costs of \$5.8m. out of fees of \$471.5m. and partnership net earnings of \$114.1m.

So even in the U.S. where the exposure to risk is admittedly very much greater than it is in the U.K., the cost can scarcely be described as crippling. The average net income per partner in the American firm of Price Waterhouse in 1976, after "practice protection costs," still amounted to \$128,000. In the absence of any figures for British firms one is bound to conclude that the case for limitation of liability of British auditors is non-existent. It would not be in the public interest to grant it, especially when the British legal system makes it so much more difficult to sue incompetent auditors.

What is now in the public interest is for the profession to put its house in order, quickly before the case for government regulation becomes unanswerable.

Edward Stamp FCA (Canada) is J. Arthur Rank Research Professor and Director of the International Centre for Research in Accounting at the University of Lancaster. Previously he was Professor of Accounting at Edinburgh University, and has also been a partner in one of North America's largest accounting firms.

Abolition

It is now well over two years since the profession finally embarked upon the task of defining its standards, and despite the impetus which ought to have been given by the London and County Securities collapse the firm draft has yet to appear. Although the Americans managed to do this job 30 years ago the British attempt is apparently stalled over the question of whether the requirement for an audit should be abolished in the case of smaller companies. The leadership of the English Institute is apparently in favour of abolition, while the Scottish Institute is adamantly opposed to this highly debatable proposition.

Indeed, the smaller practitioner members of the English Institute are also opposed to

abolition, and in a recent speech the President of the Warwickshire Society of Chartered Accountants made this point very clearly. Unfortunately he went on to argue "that the Institute is seemingly yielding to Government pressure on the independence of the auditor," apparently because the Government is pressing for the abolition of non-beneficial shareholdings in client companies as well as beneficial shareholdings.

If there is indeed such Government pressure then it is long overdue. It is only very recently that the profession has taken steps to ban beneficial holdings and it is quite extraordinary that a ban on both kinds of holdings was not imposed years ago—as it has been in the United States and Canada.

Why is such a ban crucial? The accounts of a company, large or small, are the responsibility of the management, and management can scarcely be expected to be impartial about the way the financial results are reported. If outsiders, including shareholders, the Inland Revenue creditors, and so on are to have confidence in a company's accounts it is essential that they should be reported upon by an independent auditor. The sole reason for the auditor's existence, is to lend credibility to published accounts. If the audit function itself is to be credible then it is clearly essential that the auditor should be wholly independent and thus able to take an objective and detached view

of the accounts upon which he is reporting.

It is impossible for the auditor to be independent, and therefore impossible for him to be a beneficial or non-beneficial shareholder in the client company. It is absurd to argue that an auditor who has non-beneficial trustee shareholdings in a client can effectively discharge his functions as a trustee and at the same time be seen to be independent as an auditor. The validity of this point is well recognised in North America, and it is about time that it was accepted here.

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Piling into carpets

THIS AUTUMN the Yorkshire-based Readicut International group is once again proving itself one of the Post Office's best customers. From its headquarters in Ossit, near Leeds, Readicut launches at this time each year its annual search for those with the home rug-making habit, through a mail shot of around 250,000 catalogues.

But while rug kits remain Readicut's best known product they accounted for less than one third of its sales of £87.7m. last year. Whereas other groups such as Coats, Paton, the Scottish-based textile group, Youghal the carpet manufacturer and Sirdar, the wool group, have diversified into rug-kits, Readicut's progress has been the other way.

Profits from rug-kits have been the magic carpet which has allowed Readicut to integrate backwards into yarn spinning and dyeing, and to move into other more diverse fields, though in most cases linked with floorcoverings or handicrafts. Through Plasticers, its most recent acquisition, Readicut is now in the U.K. fibre business as a manufacturer of polypropylene—widely used in cheaper forms of carpeting—and is also among the biggest producers of woven carpeting through its Firth Carpets subsidiary.

These various activities returned a profit last year of more than £7m. and in this year's first half—traditionally the group's quieter period—profits at £2.45m. were 15 cent up on last year's figures.

has to be bought well in advance because of the length of the processing chain and which has been subject in recent years to considerable price fluctuation.

It was partly this seasonal imbalance, as Michael Hirst, joint managing director of Readicut explains, which made the group decide that, as well as widening its rug-kit markets, it should also seek to grow in other complementary areas.

The first moves to broaden its base were the acquisition of a number of suppliers, including the companies which sold it woolen yarn, patterned stencils and threading needles, and its main dyers and finishers. The attraction of these supplying companies lay not only in the increased vertical integration which the group secured, but in their substantial external sales to third parties.

Perhaps the most important move of all has been into conventional carpets, a highly competitive field demanding a combination of good marketing skills and, given the continual pressure on prices, strong nerves. The Firth group, acquired in 1968, has since grown to a turnover of £20m.—making it one of the bigger U.K. carpet groups in its own right.

The Firth strategy has been to avoid the worst of the industry's problems by specialisation. It has stayed very largely in the quality woven carpet business, developing sales to major contract buyers, such as hotels, both in the U.K. and in the U.S.

With the growth of tufting, woven carpet production has all but disappeared in the U.S., creating a lucrative gap in the market. Firth and another woven carpet producer, Stoddard, ran a joint company, Carpets from London, which has taken space at several of the important carpet marts in North America where the big retail groups and contract purchasers do their buying—a move which other U.K. carpet groups have only recently begun to follow.

Firth Furnishing, which was acquired at the same time, has built itself a strong position in car carpeting, another fast-growing sector, and is now a leading supplier to many of Europe's big motor groups.

Our strategy has been to try to be market leaders in the activities which contribute most to group sales and profit, and with the exception of Firth Carpets where we are part of a much bigger industry, we have achieved this," says Harry Morrell, Readicut's financial director.

The latest company to join the group, Plasticers, again

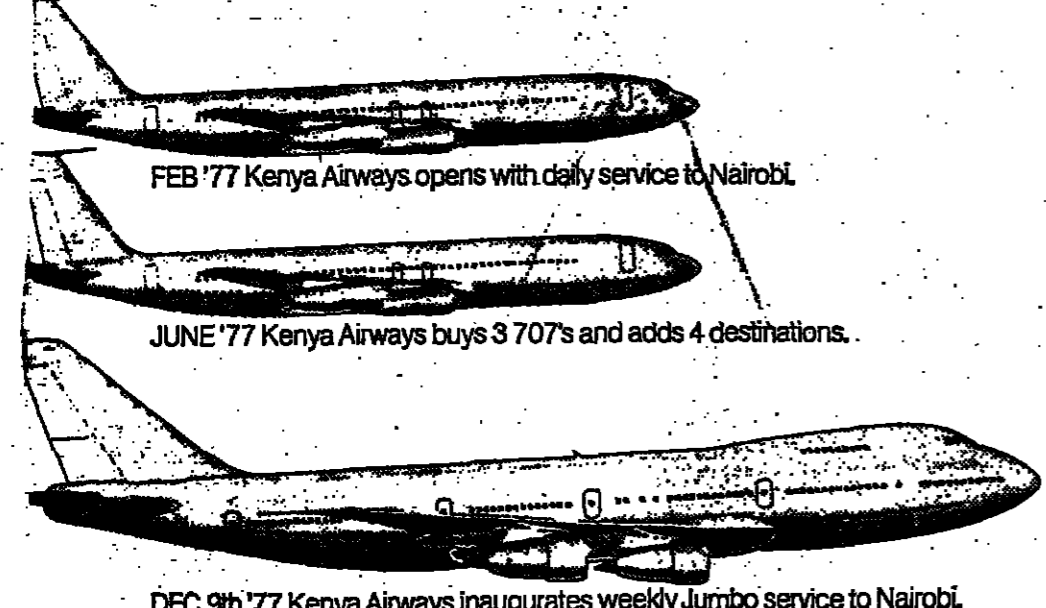
Last Tuesday we looked at how a major carpet group copes with the industry's sharp cycles. To-day Rhys David describes Readicut's diversification strategy.

exemplifies this philosophy, while at the same time giving Readicut the opportunity to take vertical integration a stage further. Based in Drighlington, near Bradford, Plasticers is among the largest suppliers of polypropylene fibre to the carpet industry in the U.K. and has pioneered a number of technical developments, which have helped to increase the acceptability of the fibre.

Plasticers was much stronger on technical innovation than on financial control procedures, and found itself unable to fund its development programme. The Industrial and Commercial Finance Corporation provided some assistance but after it had become nervous about making further injections of cash Readicut stepped in early last year. Readicut has introduced into Plasticers its own strict group financial procedures and claims a substantial turnaround has already been achieved. The approach adopted with Plasticers, as with other subsidiaries, has been to give it considerable latitude in the development of

products and markets. But this stake in what might be considered its original area of interest—home handicrafts. With regular reporting of key figures at weekly and monthly intervals, accompanied by search for creative activities to fill spare time there are clearly priorities for companies which can identify the right products. Readicut is hoping some of these may have been found through the acquisition of Duni-craft, an important supplier of producer, but with access to its materials for basketry, wood-own fibre supply it has the working, toy-making and other opportunity to expand its stake handicrafts. Therapy units in at the cheaper end of the hospitals and similar institutions have been the main outlet for these goods but a much bigger potential market exists among other fields, and has increased its general public.

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Transplanting

Readicut's successful development into a major industrial group with a record of continuing sales and profits growth is the result of a fairly early realisation of the dangers involved in dependence on one product in a single market.

The rug-kit formula, successfully developed in Britain, was extended in the immediate post-war years to the U.S. and sales there now exceed those in the U.K. More recent years have seen a transplanting of the rug-kit idea—despite its rather Anglo-Saxon flavour—to the Continent.

But although overseas markets now account for more than two thirds of total rug-kit sales, they share the U.K. problem of being seasonal—all are in the Northern hemisphere. To meet the demand, the product has to be made throughout the year, but the pattern of buying means that cash flow is produced only over a limited period. Furthermore, the product itself depends on a raw material, wool, which

is an antique dealer and may wish to make a gift of a valuable item of his trading stock. Would I be liable to either or both of income tax or capital gains tax or could I elect to be assessed under either?

I am also considering making some expenditure for desks and office equipment. Would I be entitled in any capital allowances for this and also would their disposal attract any liability to capital gains tax?

Such a gift as you suggest could give rise to charges to value added tax, income tax, capital gains and capital transfer tax (although you would probably escape capital gains tax in the circumstances you outline).

BUSINESS PROBLEM BY OUR LEGAL STAFF

A gift from stock

The answer to both questions in your second paragraph is yes (but here again you would probably escape capital gains tax—for a different reason).

You appear to know so little of the pitfalls with which taxation is beset, that you may well find it worthwhile to seek the guidance of your accountants.

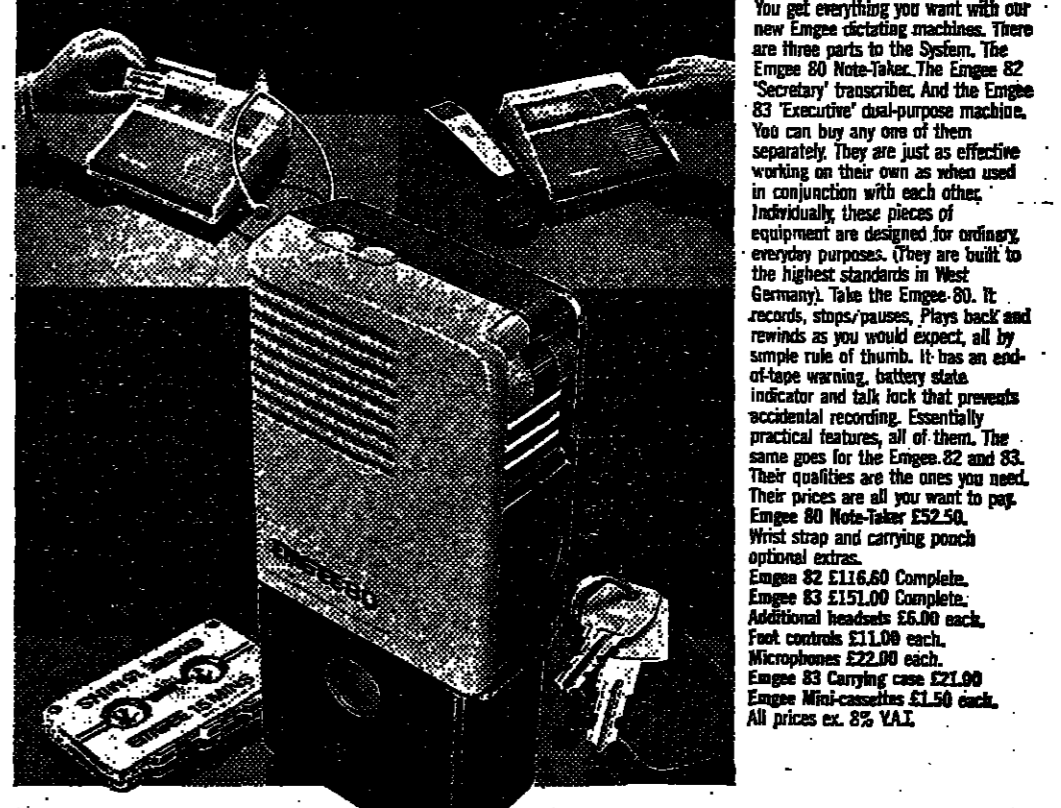
In any event, we suggest that you ask your local tax inspector for copies of the free booklet C.A.I. (Capital Allowances on Plant and Machinery) and IR28 (Starting in Business).

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

Nervous

Plasticers was much stronger on technical innovation than on financial control procedures, and found itself unable to fund its development programme. The Industrial and Commercial Finance Corporation provided some assistance but after it had become nervous about making further injections of cash Readicut stepped in early last year. Readicut has introduced into Plasticers its own strict group financial procedures and claims a substantial turnaround has already been achieved. The approach adopted with Plasticers, as with other subsidiaries, has been to give it considerable latitude in the development of

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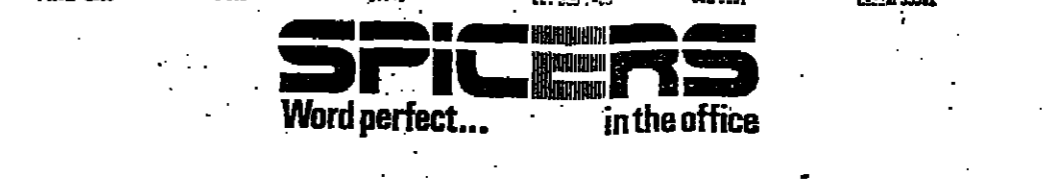
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No policy for the dollar

THE APPARENT failure to reach any agreement at Basle over the dollar problem had immediate and predictable repercussions in the currency markets yesterday. It is clear that the weakness of the U.S. balance of payments and its currency has gone well past the point of neglect, benign or otherwise, and that the exchange markets are now reflecting an unresolved battle of wills between the U.S. and its major trading rivals. This is already having disruptive results in Germany and Japan, where currency appreciation has helped to compress profit margins to the point threatening acute recession; and there is now a danger that reduced intervention in an already demoralised market will cause an altogether excessive further movement in parities.

The U.S. claim that everyone is out of step except our Jimmie has something in it, but not enough to prevent the present U.S. stance becoming rather hard to bear. According to the American account it is Japan, Germany—and soon, presumably, the U.K.—which are running inappropriate balance of payments policies, and falling to play their part in absorbing the unavoidable OPEC surplus. If their refusal to expand demand sufficiently to correct this results in currency appreciation, and a period of profitless price stability, that is their choice: the U.S., by abstaining from protectionism, pursuing a responsibly restrained monetary policy, and pushing through an energy programme as fast as Congress will allow, is doing all that can be expected.

The mistakes

The Administration will certainly not do anything to restrain U.S. growth in the cause of harmony, and so compound the mistakes which it claims are being made across the oceans.

What this version of affairs leaves out of account is that all the countries involved, including the U.S., face unresolved problems of adjustment; meanwhile, the currency turmoil reflects these failures of adjustment rather than the underlying economic aims of the countries concerned. Concerted action to control the international

The savings enigma

THE LATEST index of industrial production, for October, shows a quite sharp fall on the month and no change on a rolling three months' comparison. How it will behave in the months ahead will depend to a large extent on consumer demand, which in turn will depend to a significant degree on the movement of the savings ratio. Although consumer credit has shown signs recently of edging up, this does not necessarily mean that it will continue to do so.

The proportion of personal disposable income saved rose gradually during the fifties and then remained roughly stable during the sixties. This was generally taken to be a return to a normal state of affairs after the adjustment to peacetime conditions. It is an observed fact, and not only in this country, that consumption reacts relatively slowly to changes in income. There are a number of theories which have been put forward to account for this tendency and which are used in forecasting. All of them have gone badly wrong in the past few years, however: the savings ratio has shot up, and not only in this country, so that consumption has risen much more slowly than predicted.

Liquid assets

There are two new sorts of theory put forward to account for this new and unexpected fact. The first suggests that consumers have reacted more slowly than usual simply because the rise in money incomes has been faster than the usual. A more plausible version of this—which, however, is also more difficult to test—is that a high rate of inflation (especially when accompanied by a rising level of unemployment) makes consumers unsure of what will happen to their real incomes and inclines them to save more as a hedge against the future. The second theory puts more emphasis than

Ageing model range compounds Leyland's difficulties

By TERRY DODSWORTH, Motor Industry Correspondent

VOLKSWAGEN stood on the brink of a financial precipice for a brief spell of about two years in the early 1970s. It escaped mainly because of a remarkable feat of re-design which saw the launch of a whole new range of cars in a period of about three years. A very similar engineering challenge is facing British Leyland today as it soldiers on with an ageing product range in the face of mounting international competition.

These product weaknesses at Leyland have been obscured to some extent by the bad industrial relations and low production of the last two years. Because Leyland has made fewer cars this year than last, it is impossible to prove objectively that its declining market share is due to unfavourable customer reaction to its range. But the subjective evidence is overwhelming. It ranges from savage criticism among the company's component suppliers, many of whom have a vital interest in Leyland's survival, to the fact that influential dealers are taking on alternative franchises, and that one or two models in free supply are having to be discounted heavily in order to sell.

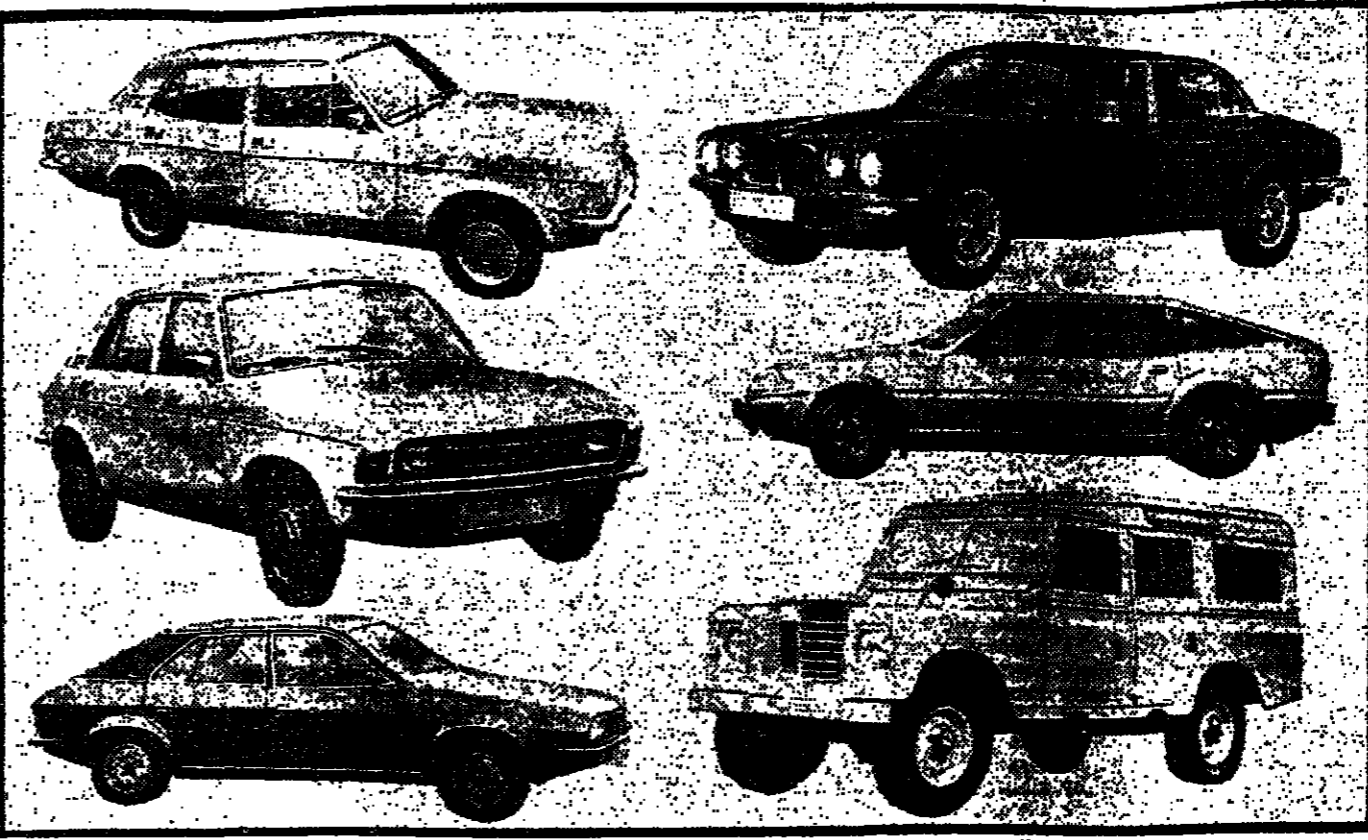
All the indications are that the main mass market cars—the Mini, the Allegro, the Marina and the Maxi—are no longer effective competitors when lined up against their international counterparts.

The specific areas of weakness picked on by the critics include the following: ● Leyland does not have a really strong contender in the large volume fleet market. The Marina, launched seven years ago, and little changed since then, is outgunned by the Ford Escort and Cortina, and, increasingly, the Vauxhall Cavalier. At the same time the Continental importers are beginning to nibble at this sector of the market.

● The Princess model, after a promising start, has run into a spate of mechanical problems which are ruling it out of many company fleets. The car has performed so badly recently that dealers up and down the country are now offering huge discounts on it—Henlys in London has been advertising £400 worth of free extras on a new model.

The result is that many company buyers in Britain are now being forced to switch reluctantly to imports. "We used to specify only British cars," says one managing director of a Midlands company which is highly dependent on Leyland for survival. "But at the last meeting two months ago I threw the policy open to vehicles like the Renault 30 and the Audi 100. What else could I do?"

● The Allegro model has been a great disappointment, both because of its styling, which has never caught on, and



Problem models and successes: The three models on the left, the Marina (top), the Allegro and the Princess, are not competing well. The Jaguar (top right), the Rover and Land Rover are specialist vehicles with a strong demand.

its initial quality problems in the teeth. It also has a pleasing executive car—the Rover—but it can't make it in between. ● Of all these criticisms, the last one probably carries the most force because it highlights the fact that Leyland is stuck with a range of cars which has to last for the next few years. On

BRITISH LEYLAND'S U.K. SALES

	Vehicles	% of market
1971	516,264	40.16
1972	542,440	33.72
1973	529,578	31.87
1974	415,369	32.74
1975	368,687	30.87
1976	352,679	27.43
1977 (11 months)	308,229	24.35

cars, and has withered the morale of fleet buyers as well. ● The styling of the whole of the Leyland mass market range—the Mini, Allegro, Marina and Maxi—is looking antiquated and dull even though the Allegro was only launched in 1973, and the Marina two years before that. On the Continent, the cars are badly out of touch with current public taste, and have fallen leagues behind their European rivals in their level of sophistication. The lack of a hatchback model of the Allegro size, for instance, has been a critical weakness over the past two or three years.

● Leyland's current estimates, the new Mini will not be launched until 1980, and the middle-range car, code-named the LC10, is unlikely to be ready before 1982. By contrast, most of Leyland's competitors have just launched, or are in the process of launching, new models in the all-important medium-range sector.

There are Leyland sympathisers who claim that these criticisms are exaggerated. Many dealers, for example, claim that if they can get a constant supply of cars next year they will be able to consolidate their position, particularly if they can get more of the glamorous parts of the range, such as the Rover. Their point is that Leyland still has the largest dealer network in the country (more than 2,000 outlets) and that if this can

only be fully mobilised the rot should be stopped.

Whatever the strength of this argument, however, the fact remains that Leyland itself has recognised the need for a radical change of its model range. This requirement was sketched out in the Ryder Report more than two-and-a-half years ago, when the controversial decision to proceed first with a replacement for the Mini model was taken. Since then, Leyland has developed plans for a coherent range of new cars based on five basic models. The idea is to have a Mini, a new medium-size vehicle to replace both the Allegro and Marina, a Princess-type vehicle, a Rover and a Jaguar. The sports cars will be additional to these, but they, like the rest of the range, will use a great number of common parts.

There is nothing particularly novel in these plans. When completed they would give the company a variety of products much on the lines of the present Volkswagen or Fiat ranges, and which would be manufactured in much the same way. The Ryder team recognised the demand for this change not only as a means of defending Leyland's UK position, but also to carry the test on the Continent, where the main thrust of its overseas marketing was to be re-directed. Leyland's survival, it is now accepted, is largely bound up with how successfully it can project itself as a European-style company, selling a range which is acceptable on the Continent as well as in the UK.

quality cars is obviously one of the options which Leyland could exercise. But it would mean that he would also have to grasp immediately the need of poor productivity and over-manning in the volume car division. The approach worked out in the Ryder Report would maintain the status quo in the factories and to bring in a range of models made in substantially large numbers to justify the level of employment. Without this promise of a range of high-volume models, the company will have to begin shifting its labour force to match the lower market position.

The second option is to be doggedly on with the present plans and gamble on the company eventually coming right. To Leyland supporters this is the most appealing alternative, since it accepts the need for the company to be given time to solve its problems without immediate radical change.

The trouble with this argument is that it implies a heavy level of Government subsidy if it is to be made to work. With elements in the product range going to look even more outdated in a couple of years than they do now. The only way of selling them then will be at bare prices to the bone—something which was not budgeted for in the original Ryder expenditure proposals.

The third option might be to enter some sort of licensing deal for Leyland models which would tie the company over the next few years and help with its development programme. Some analysts believe that in the long run something of this kind will happen: the European industry will need to get together in the face of U.S. and Japanese competition, they argue, and Leyland has already started joint component development programmes with Renault.

So far, Mr. Edwards has given no firm clues to his thinking about any of these questions. The only significant fact to have emerged from Leyland since he took over the chairmanship of Leyland two months ago is that production targets are being reduced for next year from more than 1m. units to little over 800,000.

This decision may mean more than a management admission that it has been optimistic in the past about the company's ability to produce and that it is better to establish a low, attainable target than a high, unattainable one. It may, on the other hand, be the glimmer of a longer-term programme designed to bring Leyland's size to that of the most popular cars in Europe, and a company without an effective model of this size in its armoury is at a great disadvantage.

A broad strategy based on this kind of emphasis towards

MEN AND MATTERS

Clive's pocket pride

All workers are equal, comrades, but some are more privileged than others. Yesterday I met a proud possessor of what may be the grandest pocket diary in trade union history, bound in calf leather, embossed in gold, and with gilt corner bindings. It bears the name of the Association of Scientific, Technical and Managerial Staffs, whose general secretary is Clive Jenkins, the art lover, bon vivant and indefatigable militant.

Strikers' friend

The first signs that the firemen may be starting to break ranks were watched more in sorrow than anger yesterday by the man who has become identified as their public champion. Gordon Honeycombe, who left his ITN job dramatically as the strike began a month ago, says: "The men in the county brigades have been quite isolated and under particular pressures." But he claims that there is a much greater "steely resolve" in the cities—a view he bases on constant visits to the pickets, especially in London.

Hesketh in focus

At 27, Thomas Alexander, third Lord Hesketh, has finally lost the altruism with which he so fiercely attacked the competitive world of grand prix racing on behalf of British amateurism during the early 1970s. When the starter's flag falls on the opening round of the 1978 world championship in

Fall from grace

Argentina on January 15, the Hesketh Formula One car (which former British ski star Davina Galica is to drive) will be powered not just by its de rigueur Ford engine—but by a six-figure financial injection from the Japanese Olympus camera concern.

Between 1972 and 1975, the portly and amiable Hesketh used a reputed £400,000 of personal funds in a vain bid to win the world championship for Britain without benefit of commercial sponsorship. By 1975 the Hesketh car had managed to finish fourth, and launch its driver, James Hunt, on to the world championship trail. Then the funds ran out. A five-minute spot on the BBC's Nationwide TV programme at the end of 1975, which was little more than a direct appeal for funds, served only to show that the British love of amateurism extends only so far down the trousers-pocket.

The 1978 project, by contrast, fits in exactly with the harsher economic realities which have confronted Hesketh Racing during the past two years. Five Formula One cars have been built this year for various customers on Hesketh's Towcester estate, hard by Silverstone circuit. But Hesketh expects to be able to concentrate on the Olympus car as a research and development vehicle for the self-sustaining commercial engineering business which he is hoping to build up and expand in the near future.

"We (that is mainly Hesketh and his chum and business partner, 'Bubbles' Horsley) decided at the end of 1975 that we were no longer going to lose money," Hesketh said at the Olympus project's London launching yesterday. "In 1972 we were all young and single, and nothing too much mattered. Now we're all married, older and it's a serious business."

Northampton can improve your situation

Two decades ago Milan, together with neighbouring Turin, was the centre of the Italian economic miracle. In 1956, Pirelli, then one of the dynamos of Italy's industrial growth, commissioned architects Gio Ponti and Pierluigi Nervi to design a skyscraper which, when completed four years later, won prizes and critical acclaim worldwide.

This elegant, 31 storey lozenge-shaped masterpiece has stood since then as the industrial status symbol par excellence. Now it is up for sale. Significantly negotiations are taking place with the Lombardy Region. The bureaucrats and politicians are moving in as industry moves out.

Pirelli has never occupied the whole building but heavy losses forced the company to let off even more space, so that it now occupies only five floors. Chairman Leopoldo Pirelli and top management sit on the top floor. This is often shrouded in fog but on a clear day the view across the city to the Alps is stunningly beautiful. But the glories of the view dimmed during and after the hot autumn of labour unrest in 1968. Pirelli and its skyscraper then became symbols of an economic and social system which had produced great wealth but great inequalities.

Years of heavy losses followed but after reorganisation and fresh capital injections Industrie Pirelli is now close to breaking even. It needs the £30m. or so it hopes to get from the sale of the skyscraper to reduce expensive bank debts and provide fresh funds for investment. But, Pirelli will be much less grand in future—modesty, it seems, is the price of survival.

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Northampton is in an excellent situation, on the M6 near the M6 junction, with easy access to major ports and airports and about halfway between London and Birmingham with 50% of British industry within 100 miles radius. It is also an Inland Port with full Customs and Excise facilities. The industrial labour relations record of the town is one of the best in the country.

Northampton is an established market town and regional growth point. The expansion programme ensures a continual supply of sites, factories, offices and also homes for incoming employees.

The long established amenities, supplemented by the new, give a rich environment for living.

Eight years ago Carlsberg wanted to set up a new brewery in the UK, their biggest one outside Denmark. They looked at Northampton and liked it. So they built architectural award-winning premises and now their production has doubled.

Mr Michael C Hull, the Managing Director says: "As a nationally marketed brand and with distribution costs becoming even more important, central location was a prime requirement to Carlsberg."

If you want to improve your situation, find out more about us, phone 0604 34734 or write to: L Austin-Crowe, Chief Estates Surveyor, Northampton Development Corporation, 2-3 Market Square, Northampton NN1 2EN.

Observer

Observer

Observer

Christopher Parkes examines the reasons behind the resignation of FMC's top bacon executive

Keeping the Danes from the door

BRITISH farmers like to mind reduction in the price they receive for their own business. That is what they want. But they do not want to see their own business reduced to a mere shadow of its former self. That is why they are so keen to see the bacon curers and processors, who have been the main beneficiaries of the subsidies granted to the industry since the 1950s, kept in the industry.

Mr. Newton-Claire, who was one of the main architects of the FMC, was a member of the board of the FMC until his resignation last month. He was a member of the FMC's board of directors until his resignation last month. He was a member of the FMC's board of directors until his resignation last month.

The MCA, intended to balance the monetary differences between Britain and Denmark, was set up in 1962. It was intended to balance the monetary differences between Britain and Denmark, was set up in 1962. It was intended to balance the monetary differences between Britain and Denmark, was set up in 1962.

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The Commission in Brussels has been studying the alleged distortions for a matter of some months, but has so far failed to satisfy itself that Mr. Silkin or the farmers or curers have a justifiable complaint. Mr. Newton-Claire himself recently paid a visit to Brussels in an abortive attempt to be heard by the Agricultural Commissioner.

While it is certainly unenviable for the U.K. bacon industry to face such fearsome competition in its home market, its troubles are not entirely caused by the subsidised Danes. There are some British bacon merchants and even retail traders who will have nothing to do with the produce from U.K. factories.

being pressed in Brussels by influenced by other factors such as the cyclical movements of other sectors of the meat business, sharp changes in the prices of feed or foot-and-mouth disease outbreaks and other major catastrophes. But it is generally possible to forecast the overall MCA subsidy with a fair measure of accuracy. The Commission in Brussels has been studying the alleged distortions for a matter of some months, but has so far failed to satisfy itself that Mr. Silkin or the farmers or curers have a justifiable complaint.

FMC—BRITAIN'S BIGGEST MEAT TRADER

Founded by the National Farmers Union, the FMC was first publicly quoted in 1962. It does not belong in the usual run of public companies. The NFU, through the NFU Development Trust, has long had an influential stake, and most of the other shares have traditionally been held by individual farmers.

The power of the farmers was demonstrated most forcefully last April when they drove off Thomas Borthwick's £4m. bid to take the company over. When the takeover fight started the Trust held 40.9 per cent. of the company. They quickly increased this to 47.9 per cent. and stubbornly refused to sell. In the end Borthwick gave up and sold the shares he had accumulated to the NFU Development Trust.

Through its Harris, Wiltshire Bacon Company and other subsidiaries it has a major stake in British bacon and ham curing, meat canning, pie and sausage manufacture. And as well as wholesale interests and its huge refrigerated transport fleet, FMC has a sizeable share of several major pig farming companies.

The company handles about 15 per cent. of the U.K.'s non-retail meat trade, with the rest scattered among many smaller companies. Many of the 1,500 processors in Britain are still private concerns. The FMC also produces almost 30 per cent. of British bacon.

The timing will be crucial. The curers are clamouring for aid now. But if Mr. Silkin ignores the proper channels and goes it alone before he has won his coming campaign to keep down EEC farm prices at the spring review, for a small gain on domestic pigmeat he might find himself losing heavily on the price review.

Because it holds such an important position in the British meat industry, the FMC plainly cannot be allowed to fall into decay, and it is in the special interest of the farmers who control it to ensure that it is run as far as possible as a profitable, fully-integrated part of the meat business.

Luncheon

The most recent concrete evidence of the troubles that are to lead to last week's events appeared at a luncheon given by the Bacon and Meat Manufacturers' Association of which Mr. Newton-Claire is the chairman. He proposed that if nothing were done to improve the profitability of the British bacon and meat processing business, factories would start to close and jobs would be lost.

At present they are getting only £1,010 a tonne—the same as their prime competitors, the Danes. They are unable to increase their prices for fear of losing more of their market to Danish imports. At the same time, they claim, the Danes are able to keep their U.K. prices at an artificially low level thanks to the £240 a tonne monetary compensatory amount (MCA) subsidy.

Even Mr. Silkin concedes that on bacon at least, the MCAs are too high. Broadly, the farmers argue for an overall devaluation of the green pound. Each 1 per cent. devaluation would raise the guaranteed price for their produce by about the same amount and reduce the MCA subsidies on imports to an equal extent.

Cyclical And although it is true that processors' costs are rising as supplies of pigs shrink, it is also true that the present situation was largely foreseeable. That is the weaker processors seem fated to go to the wall. As they go, jobs will disappear.

Letters to the Editor

Surrender to Japan

Mr. E. A. Hammond, Director, The 20-column inches of Sir Suer ("A ridiculous surrender"—December 8) must be a record even by the declining standards of the more popular press.

ments you array are misdirected. The Government has more than honoured the international trade rules. The Japanese seem not to have heard of them. E. A. Hammond, Executive Councilor, 12, Longwalk Road, West Common Road, Bromley.

over his alternative to the cuckoo clock. What Mr. Harris does not discuss, but must know full well, is that Governments cannot stage managed continuous real growth. Such a phenomenon depends on factors (such as energy discoveries, technical advance, population change, etc.) which Mr. Harris very nicely summarises as "helicopters scattering goods." Stimulation and encouragement of these real agencies of growth is a desirable Government aim but the "dash for growth" monetary technique is now surely discredited.

ments—and call itself a bank—by modifying its sales organisation and accounting procedures. Perhaps the Revenue hopes to see Britain use its new North Sea oil wealth to become a major nation of bankers. See also Nicholas Travers, *Birchfield Cottage, Middle Green, Slough.*

Houses and homeless

From the Director, Shelter National Housing Aid Trust Sir—While I am pleased that there is considerable scope for dealing with homelessness by using existing resources ("The desperate plight of the homeless," December 6, 1977), I feel that his constant reference to the "ever-increasing excess of houses" bears little reference to the realities faced by local authorities and organisations like Shelter.

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Handicapped students. From the Chairman, National Bureau for Handicapped Students Sir—I was very pleased to read your report on the recently published NBHS policy statement "An Educational Policy for Handicapped People."

Contracting in or out. From the Pensions Development Manager, Arros Assurance (Pensions) Sir—Although I am unaware of the precise terms of the Motor Agents Associated national motor industry pension plan, may I nevertheless heartily endorse the underlying sentiments and philosophy of Mr. Boast's letter of December 5.

The definition of a bank

From Mr. Nicolas Travers Sir—Mr. de Berry seemed to think (December 9) that British banking law is riddled with loopholes. He underestimates the position, for in fact there are more loopholes than law.

Cuckoo clock monetarism. From Mr. Dennis O'Shea Sir—Anthony Harris, in his Lombard column of December 6, seems anxious to prove monetarism, not necessarily wrong, but simply awfully dull.

The definition of a bank. From Mr. Nicolas Travers Sir—Mr. de Berry seemed to think (December 9) that British banking law is riddled with loopholes. He underestimates the position, for in fact there are more loopholes than law.

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To-day's Events

Balance of payments figures for November. Preparatory peace conference called by President Sadat of Egypt due to open in Cairo. Labour Party national executive meets. TUC Economic Committee meets. Prime Minister is main speaker at lunch following annual meeting of British Food Export Council, Quaglin's, S.W.1.

Mr. Edmund Dell, Trade Secretary, is guest speaker at lunch following annual meeting of British Food Export Council, Quaglin's, S.W.1. Mr. Nicholas Goddson, Stock Exchange chairman, speaks at American Chamber of Commerce lunch, Savoy Hotel, W.C.2. Airline Users' Committee annual report. Air Commodore Sir Peter Vaneck, Lord Mayor of London, gives opening address to students from London University taking "How the City Works" course at Guildhall, E.C.2. Building Societies' Association PARLIAMENTSARY BUSINESS House of Commons: Proceed- ings on Consolidated Fund Bill.

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COMPANY NEWS + COMMENT

LRC up 9.7% midway—£4.3m. rights

ON SALES ahead from £32.37m. to £36.66m. LRC International lifted pre-tax profits by 9.7 per cent from £3.77m. to £4.13m. for the six months to September 30, 1977, and the directors also announced a one-for-one rights issue at 10p per share to raise some £4.3m.

Half-year figures for 1978 included exchange gains of £250,000. In the current year provision has been made for exchange losses of £103,000. The directors say that trading prospects for the rest of the year should continue to be reasonable. Profits for all 1976-77 came to £7.71m.

The interim dividend is lifted from 1.25p net to 1.39p and a final of 1.35p (2.00p) is expected on capital increased by the rights issue.

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Mitchell Cotts	23	3	Wilson Bros	21	7

the group and to enable it to take advantage of further opportunities as and when they arise.

comment

LRC International's rights issue announcement is accompanied by a rather uninspiring set of half-year figures with pre-tax profits up only 9.7 per cent. The rights cash will strengthen the balance sheet, reducing net debt to around £112m—60 per cent of shareholders' funds, compared with 74 per cent in the last accounts. This however may only be a short-lived success with borrowings destined to rise again as the capital expenditure programme gets under way. But the ex-rights yield is increased to 10.2 per cent, while the heavy discount should ensure the issue's success. In the first half a number of key decisions have come under pressure although admittedly exchange rates were markedly against the group during the period. The only areas to show increased profits were Sanitas where there was a successful relaunch of Wrights Coal Tar soap and the U.S. Schmid subsidiary which doubled its profit contribution. Elsewhere the trading picture has been flat while Defers and ISA are still loss-makers despite attempts at rationalisation. The effects of exchange rate changes may be less marked in the second half but the group is pinning its long term future on its capital expansion programme, notably in Malaysia and the U.S.

responding period of the previous year.

This was stated by Mr. Roy Sisson, chairman, at yesterday's annual meeting. He said that sales and profits of many activities showed an improvement, but in motor and aerospace deliveries had been affected by industrial disruption at the group's own locations and elsewhere.

However, there was now evidence of a lessening in the level of industrial disruption in the area of operation, together with an improvement within the company. "With this better situation there are grounds for believing we shall recover the shortfall," the chairman forecasts. In 1976-77 group profits reached £20.3m.

Profit year

1977	1976	1975	1974
Group sales	19,000	17,500	16,500
Operating profit	4,995	4,473	3,827
Interest payable	115	111	121
Profit before tax	4,880	4,362	3,706
Tax	2,943	1,788	2,449
Net profit	1,937	1,574	1,257
Minority interest	139	139	129
Extra-ord. debts	9	9	9
Abatement	1	1	1
Dividends	620	549	425

Since September 30, litigation with Cadbury Schweppes relating to its acquisition of Courtenay Wines (International) has been settled. LRC has paid £300,000 together with interest in respect of a four-year period and, in addition, Cadbury Schweppes has retained £100,000 otherwise due to LRC in full and final settlement of its claim. Consequently, a further £100,000 is expected to be charged as an extraordinary item in the full-year accounts.

The proposed rights issue will not be underwritten, say the directors. The basis of issue will restore the ratio of capital to total capital and reserves to a more desirable level.

Group borrowings have been high in recent years and in this year have been running at some £20m. This has been necessary to finance increased working capital requirements caused by inflationary pressures and the expansion of output from existing plants.

Although the level of borrowings has been reduced by conversion of £100,000 of £4.5m. nominal of the former convertible 8 per cent, unsecured loan stock in October, there is still a high level of dependence on bank borrowings which amounts to some £12.6m. on November 25. The directors believe that it is now appropriate to increase the level of capital spending on new manufacturing and distribution facilities both in the U.K. and overseas, and have authorised expenditure on projects amounting to £3.3m.

The directors consider that the equity base is now broadened to enable this programme of expansion to be funded without significantly increasing the overall level of borrowings of

K Shoes finishes 33% up

GOOD PERFORMANCE by its retail company K Shoe Shops enabled K Shoes group to produce better-than-expected results for the year to September 30, 1977. Operating profit on sales of £35.7m. ahead at £33.15m., taxable profit expanded 33.5 per cent from a depressed £1.56m. to £2.09m.

At half-time profit was depressed from £1.14m. to £782,000 following a loss by the manufacturing company K Shoemakers. The problem were associated mainly with the closing of one factory and running of others at below capacity and it took several months to rebuild productivity.

The shops produced record profit for the year helped by buoyant demand in August and September, but manufacturing remained in loss.

The factories are now busy with improved demand this autumn and increased forward orders from retailers for the spring 1978 ranges of shoes. The prospects for manufacturing look much brighter than at the same time last year, the directors say.

Stated earnings per 25p share were higher at 11.27p against 10.65p and the net total dividend stepped up to 2.27p (2.09p), absorbing £31,000 (£31,000) with a final of 1.35p.

After tax of £382,000 (£45,000) the net balance emerged at £1.7m. (£1.32m.).

The company has adopted SSAP's relating to stock valuation and has ceased to provide for deferred tax following recommendations of ED19. The comparative figures have been adjusted accordingly.

comment

K Shoes' preliminary results show that the company is staging a dramatic recovery after the first half drop in profits of a third. Overall annual profits show a gain of 34 per cent, though the manufacturing division remains a difficult problem. It was this side which knocked the 1976-78 performance after £235,000 of redundancies left the division with a £100,000 loss. In the latest figures

Smiths Industries warning

BECAUSE OF DIFFICULTIES in the motor manufacturing and aerospace industries, Smiths Industries gives a warning that first half current profit will be below the £9.36m. achieved in the cor-

MAJEDIE INVESTMENTS LIMITED

At the Sixty Sixth Annual General Meeting held in London on 13th December 1977 Mr. T. B. Barlow, the Chairman, made the following points when he reported to members.

Our Company has again increased its profit significantly from £148,374 to £204,704 but unfortunately this cannot be passed on to shareholders until dividend control is lifted. The dividend this year therefore has been increased by the maximum allowed to £582p per 10p share costing £95,000. Our Revenue Reserve has increased by £247,000 and now stands at £1,867,000.

During the year there was a general improvement in market conditions which together with our investment policies has resulted in the Company's assets now being worth more than £7 million.

Since the 30th September the stock market has not been so buoyant and present indications are as always uncertain; even so as stated in the report we face the future with confidence.

The Report and Accounts were unanimously adopted.

manufacturing was still the laggard though volume has been bolstered to some extent by overseas orders, but these have not proved as profitable as might have been expected. The outlook for the current year is for a substantial gain in both retailing and manufacturing, but the year is likely to get near the peak of £2.2m. pre-tax; a figure of £2.4m. is more likely. On the latest figures the p/e is 4.2 and yield of 12.2 per cent at 40p is a firm enough rating though it is still a sector which is yet to prove a general recovery.

Cawoods 19% ahead first half

TAXABLE PROFIT of Cawoods Holdings lifted 19 per cent to £2.91m. in the September 30, 1977, half year on turnover 21 per cent higher at £102m. against £83.95m. The turnover rise reflects higher coal and oil prices and some increased volumes in solid and oil fuel, building materials, refractories and shipping.

Second-half profits are not expected to match the £3.36m. recorded last year when a peak £7.01m. profit was earned. However another satisfactory year's results is anticipated.

The interim dividend is lifted from 0.57p to 0.73p net per 25p share. A 2.54p final was paid last year.

Mr. Edward Binks, chairman, says a more typically English summer and public apprehension about fuel shortages and rising prices created a better demand for domestic coal and profits benefited. This might prove to be at the expense of current stocks of coal and oil fuel at £5.2m. are higher than last year.

The increased tonnages in industrial solid fuel and oil fuel sales enabled satisfactory profits to be earned in a very competitive market but coal exports remained at a low level. Current stocks of coal and oil fuel at £5.2m. are higher than last year.

Increased profits were earned in building and road materials despite the depressed state of the construction industry and lower housing starts.

Difficulties persist in the packaging division and profits in this section are being adversely affected. Refractories and container shipping services made useful profit contributions.

Mr. Binks says deposit interest will be down in the second half year due to lower interest rates and capital expenditure and this with the matters outlined above has led to a budget for lower second half profits compared with the second half of last year.

comment

The reasonable performance achieved by Cawoods in the first half—19 per cent. increase in profits on a 21.6 per cent. increase in turnover—will be under pressure in the second half unless the winter is severe. There has been a tendency this summer for customers to order fuel stocks early in anticipation of a hard winter. So there could be some de-stocking and less revenue than usual in the second six months. Meanwhile, helped by acquisitions and rationalisation, Cawoods has managed to increase its market share. Also of worry to the group is the second half interest rates which will reduce income on deposited money—at the halfway stage this was down from £211,000 net to £204,000 net. Cash balances of £9.85m. at the year end in any event will be reduced by a high capital expenditure programme of £2.64m. as well as by an increase in coal and oil stocks of nearly a quarter to £5.2m., compared with the same period last year. However, the group should still turn out similar profits to last year's £7.01m. At 45p (down 3p) the shares stand on a prospective p/e of 10.4, a fully valued rating, and yield of nearly 4 per cent.

DIVIDENDS ANNOUNCED

Company	Current payment	Date	Corr. of payment	Total for year	Total last year
Archimedes Inv. 2nd Int.	3.25	Feb. 14	2.86	5.15	4.68
Baggeridge Brick	2.33	Feb. 8	2.09	2.33	2.09
Cawoods	0.97	Feb. 11	0.87	1.84	1.67
City of Dublin Bank	1.75	Feb. 17	1.39	2.62	2.62
Crown House	3.9	Feb. 16	3.5	4.38	4.08
Doornfontein	20	Feb. 11	17	37	35
East Driefontein	43	Feb. 7	40	78	75
IC Gas	1.1	Mar. 21	1.1	1.1	0.78
ICL	4.53	Feb. 14	4.55	7.45	5.2
Kloof	15	Feb. 15	15	2.27	2.06
K Shoes	1.5	Mar. 9	1.32	2.09	1.84
Libson	40	Feb. 7	40	45	45
LRC Int'l.	1.4	Apr. 3	1.23	1.52	1.52
Moorgate Inv.	1.57	Jan. 16	1.1	3.08	3.08
Nth. Brit. Steel Grp.	1.22	Feb. 17	1.13	1.62	1.62
PEET	2.5	Jan. 29	2.2	2.81	2.81
Saint Pirax	1.23	Feb. 3	0.31	1.81	1.81
Serek	3.94	Feb. 10	1.41	5.34	2.41
South Crofty	1.63	Jan. 26	0.9	3.74	3.74
Stanhope Gen. Inv.	0.08	Apr. 14	2.13	4.05	3.83
Stenhose	2.4	Feb. 10	2.1	3.48	3.48
Utd. British Securities Int.	1.23	Feb. 7	1.1	2.5	2.5
Veatressport	3.1	Jan. 19	0.44	1.4	1.4
Viekfontein	1.1	Apr. 25	2.09	4.57	3.60
Wace Group	0.72	Feb. 7	0.5	1.26	1.26
Warford Inv.	2.58	Apr. 15	2.09	4.67	4.67
West Driefontein Int'l.	150	Feb. 2	135	285	285
Wilson Bros	0.63	Apr. 4	0.5	1.26	1.26

ISSUE NEWS

Fleming Property offer at £1,288

The next issue of units in The Fleming Property Unit Trust is to take place on December 25 at a price of £1,288 per unit, providing an estimated yield over the next 12 months of 8.2 per cent. The unit price is 288 higher than that of the previous issue in September and represents an overall rise of 16.8 per cent over the past year.

The managers attribute this increase partly to the continuing rise in the value of first class property and perhaps more importantly to the gathering momentum that has been seen on the value of the portfolio. There are more than 40 listings due for rent review over the next 12 months.

The trust is designed to enable pension funds, including

superannuation funds of local authorities and charities to participate in direct investment in good-class properties without becoming involved in management while still preserving their favorable tax position. The trust now has a value of £79.7m. with more than 300 unit-holders.

The property portfolio is split between offices 42 per cent, shops 18 per cent, industrial 38 per cent, and agricultural 4 per cent. Acquisitions over the last three months include two modern factories at Redditch, Worcester and Peterlee, Co. Durham, which have been leased back to the vendors Linreed.

The minimum application for new unit-holders is 10 units, but existing holders can apply for any number.

Yearlings at 7 3/4%

This week's issue of yearling bonds shows a coupon of 7 3/4 per cent, priced at par and due on December 15, 1977.

The Borough of Thamesdown is raising £17m. with the largest share of profits going to the council. The issue is of £1m.

UNITED SCIENTIFIC RIGHTS—97%

The rights issue by United Scientific Holdings has been taken up as to 97.33 per cent. The balance has been sold at a premium and the net proceeds will be distributed to entitled shareholders.

Points from the Statement by the Chairman, Mr. Frank Webster, Year ended 30th June, 1977.

- Results maintained despite difficult trading conditions.
- Policy of new investment continuing throughout the Group.
- Group now better equipped to take full advantage of any expansion in the home market, and to tackle existing export markets more effectively.
- Part sale of Group Investment Properties in November 1977 realised over £1.3m in excess of June 1976 revaluation.
- New industrial portfolio to be created on existing Group sites.

Smith & Nephew at £11.8m. so far

ON SALES up by 17.5 per cent. 5.7 per cent on a prospective p/e of 11.3 (fully taxed).

to £39.54m., pre-tax profits of £10.5m. Smith and Nephew Associated Companies advanced by 27.5 per cent from £3.25m. to £4.17m. for the 40 weeks to October 5, 1977.

At the 24-week stage profits stood at £7.4m. compared with £5.7m. The surplus for all 1976 was £14,05m.

After tax of £3.77m. (£2.77m.) earnings for the 40 weeks are shown at 5.35p (4.32p) per 10p share. In accordance with recent accounting recommendations, the tax charge for both periods includes U.K. deferred tax. Had the charge been made on a similar basis to 1976 published results earnings would have been 3.85p (3.2p).

The worst affected sectors are ceramic sanitary ware, copper tubes and heavy ironmongery according to United Builders' Merchants Overseas, which has to set up offices and warehouses in Dubai, Oman and Saudi Arabia. The company buys 85 per cent of its products for the Middle East market from Britain and this year expects 50m. of sales from the United Arab Emirates alone.

But orders have been lost in West Germany, Italy, India and France. Italy is consistently successful in supplying the Middle East with sanitary ware and India is a growing supplier of doors and other wood products.

British manufacturers have been traditionally major suppliers to the Middle East. Now with growing competition and rising standards in other manufacturing countries, products made in British Standards have a smaller share of the growing market than they had ten years ago.

comment

After nine months Smith and Nephew pre-tax profits are up by 27 1/2 per cent after a 26 per cent rise at the halfway stage. Margins have continued to improve—a probable sign of the operating level compared with a year ago—but there are signs that sales growth is running out of steam with a 30 1/2 per cent gain after six months (27 1/2 per cent up in the first quarter) cut to a 12.5 per cent sales increase after nine months.

The group says that the slower sales growth reflects in part the rise in sterling values which has knocked £700,000 off profits compared with last year. Meanwhile profits this year may be at least £17m. with the largest share of profits going to the council. The issue is of £1m.

The minimum application for new unit-holders is 10 units, but existing holders can apply for any number.

Western Canadian Resources Fund Limited

Dividend Notice

Notice is hereby given that a dividend of \$1.00 per share has been declared on the outstanding shares of the Fund, payable December 29th, 1977 to shareholders of record at the close of business on December 16, 1977. Holders of Bearer Share Warrants should present Coupon #6. The coupon may be presented through any of the paying agents of the Fund: The Toronto-Dominion Bank; The Canada Permanent Trust Company; Banque Internationale à Luxembourg Société Anonyme.

By Order of the Board
Lorne Johnston
Secretary-Treasurer

ELECO HOLDINGS LIMITED

Points from the Statement by the Chairman, Mr. Frank Webster, Year ended 30th June, 1977.

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- Policy of new investment continuing throughout the Group.
- Group now better equipped to take full advantage of any expansion in the home market, and to tackle existing export markets more effectively.
- Part sale of Group Investment Properties in November 1977 realised over £1.3m in excess of June 1976 revaluation.
- New industrial portfolio to be created on existing Group sites.

Impressive, that's the view from Crown House.

At first glance, a view you may not be familiar with but if you look again you'll probably recognise some of the buildings.

What have they all in common?
The answer is, Crown House Engineering.

In the case of each development shown, one or more of the electrical or mechanical services, be they lighting, power, heating, ventilating, air conditioning, sanitation, plumbing, or fire protection, have been installed by Crown House Engineering.

In recent years, CHE has been winning more and more engineering services contracts, both here and overseas against active competition. The contracts represented in our picture are either in the course of completion or have been completed in past years and their total value exceeds £50 million.

Last year, CHE's contribution to Group profits achieved a healthy improvement in the U.K. and a remarkable 87% overseas. In the first six months of the current year orders placed with CHE have increased by 32% compared with the same period a year ago.

So, it won't come as a surprise to learn that CHE is a leader amongst Britain's engineering services contractors.

But did you know that another Crown House subsidiary is the largest U.K. supplier of table glassware?
Dema Glass.

As well as being Britain's biggest manufacturer of finest quality hand cut crystal, through its well known 'Thos. Webb' and 'Edinburgh' brand names, Dema Glass annually distributes over a hundred million assorted glasses here at home and overseas.

Last year, Dema Glass profits were up 67%, aided by a significant advance in export turnover. In the first six months of the current year Dema Glass sales were up 27% overall compared with the previous year.

APPROXIMATE TRADING RESULTS

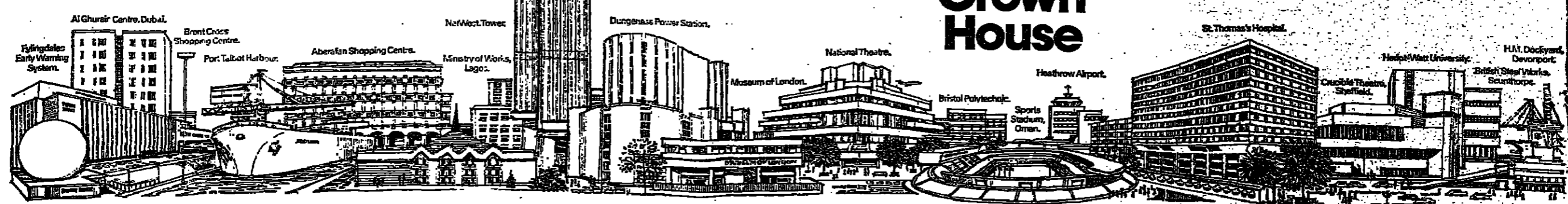
	6 months ended 30th September		Years ended 31st March	
	1977 (unaudited)	1976 (audited)	1977 (audited)	1976 (audited)
£000				
Turnover	43,436	36,211	76,965	62,867
Pre-tax profit	1,108	968	2,605	2,080
Ordinary Dividend	228	208	628	533

comment

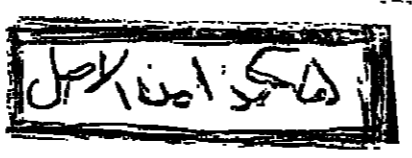
The Board expect that the profit before tax of the group for 1977/78 will exceed that achieved in the previous year, and have decided to increase the interim ordinary dividend to 1.1 pence (1 penny)

Patrick Edge-Pattington, Chairman, Crown House Limited.

For a copy of the Interim Report, write or telephone Norman Vigor at Crown House Limited, 2 Lygon Place, London SW1W 9JT. Telephone: 01-780 9287. Telex: 918802



You may not see us, but we're there.



ICL sales soar and profit exceeds £30m.

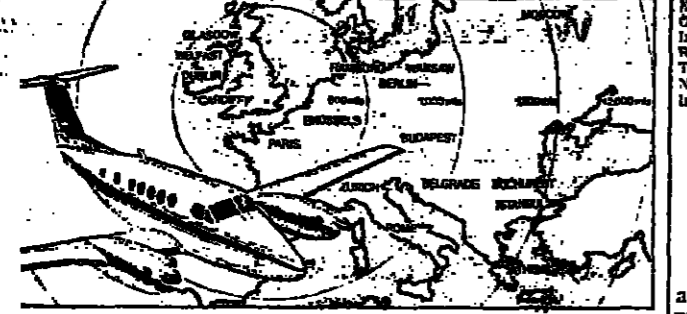
WITH ONLY modest benefit from tax increases overall sales of ICL soared by 45 per cent from £83.5m to £118.7m for the year ended September 30, 1977. Profit advanced 31 per cent to £30.3m, compared with £23.1m. Halfway a surplus was £2.5m higher at £3m.

UK turnover for the year was per cent ahead but overseas turnover jumped 85 per cent to represent more than half the total. The period included the benefits of acquisitions from Slinger Co.

The group has started the year with a larger order book than ever before and is continuing improvement in industrial relations, the directors are confident of further significant gains in sales and profit. Earnings per £1 share were up 5p to 54.24p and the net total dividend is stepped up to 7.425p (up with a final of 4.825p). Slinger Co. and NEB each holds 2 per cent of the capital. During the year the outstanding £11.7m of the 8 1/2 per cent loan was repaid at year end and the group had a cash balance of £11.4m. With sources of finance from its lenders strengthened the company is now well placed to finance regions in the period ahead, directors say.

Midterm rise for Stanhope General Inv. Pre-tax revenue of Stanhope General Investment Company for the half year to September 29, 1977, rose from £42,622 to £52,618. Administration expenses and decline in share values at the end of the year reduced the interim dividend to 2.5p (2.2p). The Board plans to pay a maximum permitted total for 1977/78 of 6.50p (5.90p). There were also realised capital surpluses amounting to £223,000 (£615,000) after tax, which were transferred to capital reserves. These were equivalent to an extra 1.87p (5.16p) per share.

One investment that rings immediate returns. The new Super King Air 200C (Convertible) is the greatest degree of economy. The Super King Air can convert from a VIP flying boardroom 6-8 seater configuration to a high density 12 seat comfortable commuter. Seat/mile costs are comparable to scheduled airline.



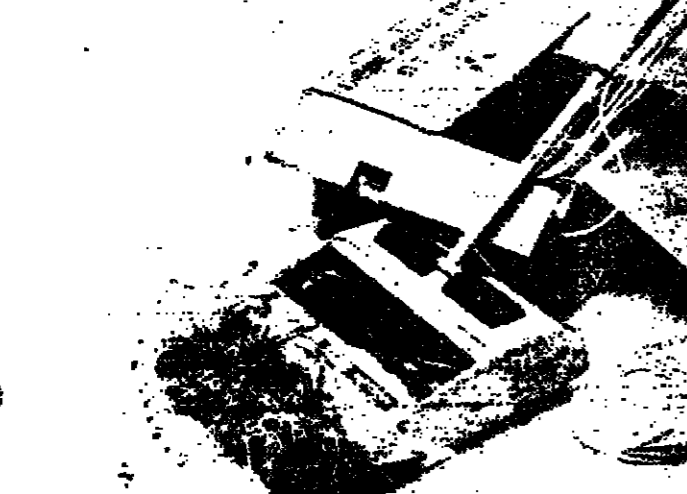
Mr. Bamberg, Chairman of Eagle Aircraft Services, announces the new Super King Air 200C (Convertible) is the greatest degree of economy. The Super King Air can convert from a VIP flying boardroom 6-8 seater configuration to a high density 12 seat comfortable commuter. Seat/mile costs are comparable to scheduled airline.

This vital piece of business equipment reduces executives' travel time and expense by establishing daily routes to frequent business destinations, depots and sites and maintaining communication with provincial and ocean customers or associates.

For full details of a practical demonstration, please contact Neil Harrison or Monica Tomlins at Eagle.



Before you mow the lawn with it, Smurfit print and package it.



Star Prize award winning corrugated cases, designed with Birmid Qualcast for their lawn-mower range. Just one of the many everyday products produced by the specialist companies within the Jefferson Smurfit print and packaging group.

Smurfit Synonymous with print and packaging. 30 Sloane Street, London SW1X9NJ. 80 operating units employing 9,000 people.

Serck turns in £9.32m.

IN LINE with the forecast of not less than £9m, Serck lifted pre-tax profits by 39 per cent from £1.14m to £1.58m for the year to September 30, 1977, after £4.4m of tax for the half year took leaving a net revenue of £3,202 (£26,050).

The final will be increased by the maximum now permitted. Last year's final was 1.84p, and revenue £25,527.

Property Holding increase INCLUDING other income net of administration expenses, amounting to £100,800, against a £16,000 debit last time, Property Holding and Investment Trust lifted taxable revenue by £11,000 to £1,035,000 for the half-year to September 30, 1977.

The directors are now confident that the expected 10 per cent growth above last year's record of £1.77m will be exceeded by a "useful margin". The continuing sales of flats and the investment of the proceeds of Thornes Court, W8, and Tack House, SW1, have contributed additional cash resources which have increased the excess of other income over administration expenses by some £116,000. The cash position, therefore, remains entirely satisfactory, they say. Together with potential borrowing facilities, this enables the directors to take advantage of available opportunities.

During the half-year a freehold factory was acquired at Turnbridge Wells which was immediately let to an existing tenant of the group. With this investment two acres of land, where further development could take place, was purchased.

Stated earnings per 25p share were 4.11p (3.57p) and the net interim dividend is raised to 2.5p (2.2p). The Board plans to pay a maximum permitted total for 1977/78 of 6.50p (5.90p). There were also realised capital surpluses amounting to £223,000 (£615,000) after tax, which were transferred to capital reserves. These were equivalent to an extra 1.87p (5.16p) per share.

Wace Group rise after six months First-half 1977 pre-tax profits of Wace Group rose from £70,800 to £75,530 on turnover of £1.15m, against £69,200.

City of Dublin Bank City of Dublin Bank announces a 40 per cent increase in pre-tax profit: from £304,389 to a record £426,402 for the year to September 30, 1977. Earnings per 25p share are shown to be up 4p per cent from 2.56p to 3.33p.

SHARE STAKES J. E. Eastwood—124,200 shares transferred from the Eastwood family settlements to various beneficiaries. Balance in hand £2,850,800 (11.4 per cent.). Of the 124,200 shares, 45,900 transferred to directors of company, Mr. W. H. Eastwood, December 5, reducing total interest to 72,900.

Edinburgh and Dundee Investment Trust—Total of £50,000 Ordinary shares (6.05 per cent.). Brent Walker—Mr. G. A. Walker, director, has acquired 22,500 Ordinary shares.

Hambros Investment Trust—A subsidiary of Hambros & Co. has acquired 97,415 Ordinary shares. As a result, Hambros and its subsidiaries now hold a total of 1,824,045 (8.8 per cent.). Alexander—Howden Group—Kuwait Investment Office, Ministry of Finance, Government of Kuwait, sold on Dec. 6, 1977, 228,941 new Ordinary shares thereby reducing holding to 5.7m (7.90 per cent.).

Sedgwick Farbes Holdings—Kuwait Investment Office reduced interest and now holds total of 1,725,000 shares (5.678 per cent.). Wilson Walton International (Holdings) disposed of 25,000 shares at 69p on Dec. 9, thereby reducing interest to 1,507,500 (9.15 per cent.).

British Investment Trust—Trustees of National Coal Board Staff Superannuation Scheme, Mineworkers' Pension Scheme and Black Diamond Pensions purchased on December 8, 1977, 2,000 Ordinary shares, making total holding 16,340,435 shares (28.9 per cent.).

Regional Properties—Notified interest in shares in £1,573 "A" Ordinary shares by the children of Mr. Neville S. Conrad, director. Shares were acquired by trustee of a discretionary settlement between January 1973 and January 1975. On March 31, 1976, the settlement was converted into a non-discretionary "accumulator and maintenance" settlement as a result of which a notifiable interest arose. Delay in advising the company of this holding was overlooked by the legal advisers to the settlement.

Alfred Lockhart—Dawney Day Group has increased interest from 174,000 to 176,500 shares (22.2 per cent.). Greenfield—Mr. D. S. Greenfield, director, disposed of 25,000 Ordinary shares on December 5. The shares were taken up by a leading institution.

C and W Walker Holdings—The following hold over 5 per cent. of the capital—G. W. S. Burtin, 303,500 (11.4 per cent.); F. J. Colman, 200,000 (7.2 per cent.); Trusts, including its subsidiary 184,332 (6.92 per cent.); Alliance Investment Company 105,000 (3.92 per cent.); River and Mercantile Trust 100,000 (3.69 per cent.); General Investors and Trustees, including its subsidiary, 95,234 (3.50 per cent.).

Edinburgh and Dundee Investment—British Hall Pension Funds has acquired 110,000 Ordinary shares at 18p. Edinburgh and Dundee Investment—British Hall Pension Funds has acquired further Ordinary shares, bringing total holding to 462,500 (7.261 per cent.). A. Menzies and Co.—Saint Piran has purchased 75,000 Ordinary shares and now holds 760,000. Marshall's Universal—West of England Trust has disposed of 228,941 new Ordinary shares, and now holds 1,725,000 (9.15 per cent.).

Edinburgh and Dundee Investment—British Hall Pension Funds has acquired 12,500 Ordinary stock units at 18p. G. R. Dawes (Holdings)—E. A. L. Dawes, N. G. K. Dawes and Dr. P. R. Dawes have sold 5,306 shares in which they had a beneficial interest at 55p per share.

Stenhouse finishes with improved £4.95m. net

TAKING a 54 per cent share of its insurance subsidiary, Reed Shaw Oler, taxable profits of £15.88m against £12.47m, and coupling this with lower holding company costs and improved industrial side returns, Stenhouse Holdings lifted net profits from £2.72m to £4.95m in the year to September 30, 1977 at half-way the advance was from £1.62m to £2.15m.

Industrial profits amounted to £2.03m (£1.53m) and the fall in costs was from £889,000 to £592,000. The three beneficial factors resulted in better operating profits of £16.61m compared with £8.51m.

There was an extraordinary debit this time of £144,000 against a £375,000 credit and earnings per 25p share are shown to have risen from 10.54p to 13.10p. The final net dividend is 2.49p for a 4.65p (3.83p) total.

The industrial side of Stenhouse includes the manufacture of jewellery and hosiery, general engineering and timber products manufacturing and retailing.

comment The pre-tax profits of Stenhouse Holdings — up 28 per cent. — is in line with expectations, with the industrial side showing a strong recovery. The broking activities have benefited from strong growth in the UK and Canada, and the group's practice of converting on average exchange rates has meant that the Canadian Dollar's weakness does not fully dilute the sterling value of the business.

The jewellery manufacturing and engineering operations have been the main contributors on the industrial side. The prospects for the current year depend very much on the strength of the Canadian dollar — any persistent weakness will leave the group under severe pressure. The historic earnings per share of 19p gives a p/e of 1.5 on a price of 102p — well below the average for the sector.

New company formed by EMI EMI Industrial Electronics has been established to co-ordinate EMI's diverse activities in industrial electronics. These activities, with sales currently in excess of £50m, cover fire protection and

security systems, communications products, magnetic tape manufacture, specialised electronic components, data communications, and instrumentation products. The new company will also be responsible for a number of specialised activities in industrial instrumentation and data handling products.

increase for the year is added to the interim dividend, lifting it from 0.5p to 0.646p net — last year's final was 0.757p.

Archimedes Inv. Trust at £110,635 Gross revenue of Archimedes Investment Trust increased from £102,724 to £110,635 in the October 31, 1977 year.

Net earnings per 25p income share are stated at 5.23p against 4.73p and the asset value per 50p capital share at 84p against 47.73p. A second interim of 3.33p (2.53p) takes the total dividend for the year to 3.15p net per 25p share compared with 4.65p.

Archimedes Inv. Trust at £110,635 Gross revenue of Archimedes Investment Trust increased from £102,724 to £110,635 in the October 31, 1977 year.

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A FINANCIAL TIMES SURVEY

World Press

MARCH 1978

The Financial Times is preparing to publish a Survey on World Press. Details of the editorial content will be published shortly, but if you have any immediate queries about advertising rates in this Survey, please contact:

Suzanne Ralph
Financial Times, Bracken House, 10, Cannon Street, London EC4A 3DF. Tel: 243 8000. Ext. 201. Telex: 885033 FINTEM G.

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

The content and publication dates of Surveys in the Financial Times are subject to change at the discretion of the Editor.

Before you hear the fizz, Smurfit produce the packaging



Printed cartons, laminate unit packs and labels for Alka-Seltzer. Just one of the many everyday products produced by the specialist companies within the Jefferson Smurfit print and packaging group.

Smurfit Synonymous with print and packaging. 30 Sloane Street, London SW1X9NJ. More than 45 years of print and packaging experience.

Selection Trust Limited

have acquired the share capital of Kleeman Industrial Holdings Limited

The negotiations for this transaction were initiated by ASTAIRE & CO. LIMITED

The war that never ends

We British are a peaceful people. When a war is over we like to consign it to the history books — and forget it. But for some the wars live on. The disabled from both World Wars and from lesser campaigns, now all too easily forgotten: the widows, the orphans and the children — for them their war lives on, every day and all day.

In many cases, of course, there is help from a pension. But there is a limit to what any Government Department can do.

This is where Army Benevolent steps in. With understanding, with a sense of urgency... and with practical, financial help.

To us it is a privilege to help these brave men — and women, too. Please will you help us to do more? We must not let our soldiers down.

The Army Benevolent Fund

for soldiers, ex-soldiers and their families in distress
Dept. FT, Duke of York's HQ, London SW3 4SP

BIDS AND DEALS

Britrailpen makes its offer unconditional

In a low-key contrast to the British Investment Trust Affairs 24 hours previously, the Edinburgh and Dundee cliff-hanger came to a quiet conclusion last night with the announcement that the offer from British Rail Pension Funds is to be made unconditional.

Britrailpen has obtained control of 74.58 per cent of the equity by way of its extended bid, and is therefore "just a whisker short" of the 75 per cent it needs to be certain of getting a scheme for liquidating the company through the Courts, and securing the tax advantages which that liquidation will bring.

Edinburgh and Dundee's Board has strongly opposed the bid, on the grounds that the price (which is to be determined by way of a formula related to net asset value) was inadequate.

Its financial advisers, merchant bankers Schroder Wags, said last night that the Board would be sending out advice to remaining shareholders as soon as possible, but that it wanted to discover how fast Britrailpen intends to proceed to liquidation.

However, Hill Samuel, financial advisers to the other side, say that the decision on the timing of the liquidation depends on the advice given to Edinburgh and Dundee shareholders by their Board.

See Lex

LEX COMPLETES CARLTON SALE

The Lex Service Group has now completed the sale of its Carlton Tower hotel to the German-based Proteus Group. The deal was first announced in July but the completion date, December 8, means that Lex will effectively have had the benefit of the full 1977 profits from the hotel.

In the documents these are estimated to be around £2.65m, compared with £1.7m in 1976. Profits from the hotel are expected to increase again next year when Lex will be retained as managers on a 20-year contract.

On the basis of this year's estimated profits, the management fee would be £700,000. The sale, for £14m, represents a surplus of £5.5m over book value. Lex has already used part of the proceeds to repay a £5m debt secured on the property.

The remainder, according to the company, will be used to reduce net borrowings in the short term. Long term it will be employed in further development.

The documents also contain details of Lex's loans at November 11. These comprised £5.36m, outstanding 8 1/2 per cent, loan stock 1982/7; long and medium term loans of £7.7m, revolving credit loans of £7.7m, short term loans and overdrafts of £8.28m. Against these must be set credit balances of £3.6m.

Seagram's new approach to Glenlivet

The Canadian drinks giant Seagram has made a further approach to Glenlivet Distillers offering improved terms.

This is to be considered at a full Board meeting of Glenlivet this morning and may or may not lead to an offer.

Early yesterday Glenlivet asked for its share price to be suspended. At 4.65p they were 2 1/2p above the 4.40p share—or £9.5m—paid by Seagram for the 27 per cent stake in Glenlivet previously owned by Imperial Group.

At 4.65p the rest of Glenlivet is valued at more than £22m, if the outstanding convertible loan stock is taken into account.

WARWICK ENG.

Warwick Engineering Investment has acquired the capital of William Alday and Company whose assets include an 82.2 per cent shareholding in the Utile Engineering Company.

Total consideration is £353,104. The balance sheet is in cash at completion and the balance sheet of Leigh.

WILLIAM STEWARD

The William Steward Group, electrical contractors based in Hampstead, has acquired for cash all the business previously carried on in Africa by Berkeley Engineering Services (International).

It is stated by William Steward that this business will integrate with its already expanding international business. Activities currently in Africa are based on Tanzania, Kenya, Uganda and Somalia.

LEIGH INTERESTS

Acceptances of the recommended offer made by Leigh interests for the capital of Manners Brick have been received in respect of 29,478 shares (98.69 per cent).

The offer will remain open. Applications will be made for the listing of up to 54,728 ordinary shares of Leigh.

DOORNFONTEIN & LIBANON lift payments

ALTHOUGH they are much in line with expectations, some of the latest half-yearly dividends declared by the South African gold mines in the Consolidated Gold Fields group make a more cheerful showing than at this time a year ago.

Doornfontein, for instance, is paying an interim for the year to next June of 20 cents (12.5p). A year ago the interim was chopped to only 5 cents and there was a subsequent final of 10 cents. Libanon is paying an interim of 40 cents compared with only 5 cents last time and the June final of 40 cents.

The moral of the latest dividends is that the lower grade mines, which were particularly hit by the past fall in the gold price, have thus benefited most from its subsequent recovery. But none of the latest distributions is likely to cause any great excitement in the share market this morning.

MINING NEWS

Doornfontein & Libanon lift payments

BY KENNETH MARSTON, MINING EDITOR

shareholdings in Plantation Holding and Faber Martin Malaysia were sold but, said the company, the depreciation of sterling resulted in losses.

The company is optimistic about the prospects for the current year provided tin prices remain buoyant. Earnings should be higher, Pahang is seeking avenues for investment in an attempt to broaden its base and enhance profitability.

Pahang's shares are currently suspended.

Blue Spec: Metramar hits out at Anglo

AUSTRALIA'S Metramar Minerals is considering taking legal action against the Anglo American Corporation groups over problems with the Blue Spec antimony gold mine in Western Australia, reports our Sydney correspondent.

The chairman of Metramar, Mr. A. D. Motion, told shareholders at yesterday's Perth meeting that production of the mine would be phased out early next year.

Metramar brought Australian Anglo American in as a joint venture partner in 1972. Because of difficulty in obtaining funds, Metramar's stake in Blue Spec has now risen to 13 per cent.

Mr. Motion outlined a number of areas where he claimed that Anglo's estimates as project manager differed widely from the actual results. He said Anglo estimated the capital cost of bringing the mine to production as \$44.7m (£29m), but it exceeded \$47m.

The average grade of gold and antimony and the expected recovery were both much higher than achieved, while the operating costs were also much higher than estimated. The mine had not produced a cash surplus in any month to date.

Metramar borrowed funds from Anglo and still owed \$430,000. Mr. Motion said the Metramar Board understood there had been a misunderstanding.

KATHLEEN INV. BACKS DOWN

Kathleen Investments (Australia) has decided not to continue with its fight to regain its position as a major shareholder of Australia's only operating uranium mine, Mary Kathleen.

Mr. Motion reports our Sydney correspondent that the High Court of Australia last month rejected a claim by Kathleen Investments that the Australian Atomic Energy Commission was not empowered to take up shares in MKU in 1974 which gave it a 42 per cent shareholding.

The A.A.E.C. underwrote an MKU share issue when the Australian Government refused to allow the Conzinc Riotinto of Australia to act as underwriter because it would mean an increase in overseas ownership of MKU. The share issue substantially reduced Kathleen's stake in MKU.

Although the High Court ruled sharply curtailing its uranium mining operations because of reduced demand. The company states, however, that it "firmly believes that the present weakness in the market is temporary and that its current investment programme, places it in an excellent position to respond as soon as demand improves."

Power Reactor and Nuclear Fuel Development Corporation of Japan has signed agreements to explore uranium resources in Western Australia jointly with Australian Consolidated Minerals and Magnet Metals. Exploration will last several years it is expected. The exploration costs will be shared equally between the Japanese company and the Australian firm.

Billiton Exploration Canada, a member of the Royal Dutch/Shell group, has signed an agreement with the Sullivan Mining Group over a possible joint venture to develop in the Brunswick Tin Mines Tungsten-antimony deposit at Mount Pleasant, New Brunswick.

Utah Mining Australia announces a final dividend of 9 cents making a total of 15 cents for the 12 months ended December 31. The final is payable on the capital increased to 42m shares by the "rights" issue last January, whereas the final dividend in the previous year ended October 31, 1976, and interim of 6 cents for the current year were payable on 40m shares.

MONEY MARKET

MLR fall possible

Bank of England Minimum Lending Rate 7 per cent. (since November 25, 1977)

Short-term fixed period interest rates were fairly steady in the London money market yesterday, and opinions seemed equally divided on whether Bank of England Minimum Lending Rate is likely to be reduced this week.

Discount houses buying rates for three-month Treasury bills remained slightly above the trigger point for a cut in MLR, but the method of assistance given to Government disbursements over revenue payments to the Exchequer, on the other hand there

any possible fall until later in the week. Funds were in short supply yesterday, and the Bank of England gave an extremely large amount of help by buying a small number of Treasury bills and local authority bills from the houses, and by lending a very large sum, overnight, to five or six houses at 7 per cent.

Banks carried over small surplus balances, and the market was also helped by a small number of net maturing Treasury bills, and a very slight excess of Government disbursements over revenue payments to the Exchequer, on the other hand there

was a fairly large rise in the pre-Christmas note circulation, settlement of official sales of gilt-edged stock, and repayment of loans made to the houses on Monday.

Discount houses paid around 5-6 per cent for secured call loans in the early part, and closing balances were found at 3 1/2 per cent.

In the interbank market overnight loans opened at 4 1/2-7 1/2 per cent, and fell to 3 1/2 per cent, before closing at about 6 per cent.

Rates in the table below are normal in some cases.

Table with columns: Dev. 15 1971, 3 months, 6 months, 9 months, 12 months, 18 months, 24 months, 30 months, 36 months, 42 months, 48 months, 54 months, 60 months, 66 months, 72 months, 78 months, 84 months, 90 months, 96 months, 102 months, 108 months, 114 months, 120 months, 126 months, 132 months, 138 months, 144 months, 150 months, 156 months, 162 months, 168 months, 174 months, 180 months, 186 months, 192 months, 198 months, 204 months, 210 months, 216 months, 222 months, 228 months, 234 months, 240 months, 246 months, 252 months, 258 months, 264 months, 270 months, 276 months, 282 months, 288 months, 294 months, 300 months.

Local authorities and finance houses seven days' notice, others seven days' fixed. * Longer-term local authority mortgage rates normally three years 9 1/2-10 per cent; four years 10 1/2-11 per cent; five years 10 1/2-11 per cent; six years 10 1/2-11 per cent; seven years 10 1/2-11 per cent; eight years 10 1/2-11 per cent; nine years 10 1/2-11 per cent; ten years 10 1/2-11 per cent; eleven years 10 1/2-11 per cent; twelve years 10 1/2-11 per cent; thirteen years 10 1/2-11 per cent; fourteen years 10 1/2-11 per cent; fifteen years 10 1/2-11 per cent; sixteen years 10 1/2-11 per cent; seventeen years 10 1/2-11 per cent; eighteen years 10 1/2-11 per cent; nineteen years 10 1/2-11 per cent; twenty years 10 1/2-11 per cent.

Approximate selling rate for one-month Treasury bills 6 1/2-7 1/2 per cent; two-month 6 1/2-7 1/2 per cent; three-month 6 1/2-7 1/2 per cent; four-month 6 1/2-7 1/2 per cent; five-month 6 1/2-7 1/2 per cent; six-month 6 1/2-7 1/2 per cent; seven-month 6 1/2-7 1/2 per cent; eight-month 6 1/2-7 1/2 per cent; nine-month 6 1/2-7 1/2 per cent; ten-month 6 1/2-7 1/2 per cent; eleven-month 6 1/2-7 1/2 per cent; twelve-month 6 1/2-7 1/2 per cent.

Finance House Rates (published by the Financial House's Association) 5 1/2 per cent from December 1, 1977. Clearing Bank Deposit Rates (for small sums at several months) 3 1/2-4 per cent. Clearing Bank Rates for lending 6 1/2-7 per cent. Treasury Bills: Average tender rates of discount 4.284 per cent.

SAINT PIRAN & SOUTH CROFTY are doing well

SAINT PIRAN & SOUTH CROFTY are doing well

FURTHER GOOD progress is reported by the Saint Piran tin mining and house-building group. Declaring an interim of 1.5p net for the year to next March, the group states that it is intended to lift the total distribution to 1977-78 to 3.75p, a figure which would be "satisfactorily covered by anticipated profits."

It is pointed out, however, that the 3.75p total would be subject to a reduction of Government policy on dividend restraint; under the present requirements, which expire in July next year, the total permitted dividend is limited to 1.8875p.

Net profits for the past half-year amount to £265,000—after including £209,000 from the offer for sale of 35 per cent of the shares in the South Crofty Cornish tin producing subsidiary Cornish Tin Mines Ltd. for £250,000 and £250,000 in the 1976-77 total of £516,000.

Listed shareholdings have a market value of £5.5m, in addition to the Par Eastern interests which are held by the group.

It is stated that the year's results will "again reflect the continuing trend of increased profits" and that the group "has a strong belief in the long-term resources with which to pursue its policy of acquisitions in the mining, house-building and allied industries."

South Crofty is well on the way to fulfilling its forecast of a year's pre-tax profit of £2m, and a dividend total of 4.125p. Attributable profits after tax and expenses relating to the offer for sale are £300,000 for the six months to September 30 compared with £259,000 a year ago and the anticipated interim of 1.5p is declared.

Also doing satisfactorily is the Milbury house-building subsidiary which reports a half-year pre-tax profit of £267,053 compared with £282,681 a year ago. The net interim is 1.5p and subject to a relaxation of dividend restraint it is intended to pay a total of 4.5p for the year.

Yesterday, Saint Piran shares were up off at 74p while those of South Crofty eased 2p to 71p. Milbury were 75p.

PAHANG ENDS UP WITH A LOSS

The Malaysian tin producer, Pahang Consolidated, ended the year to last July with a net profit of \$M1.89m. (£435,490) on its profit and loss account, it was announced in Kuala Lumpur yesterday. This compares with a loss of \$M700,000 in the previous year.

Higher metal prices enabled Pahang to record an interim profit of \$M3.25m. (£783,850) sharply higher than the \$M200,000 earned in 1975-76, but there was a loss on its extraordinary items of \$M5.14m, compared with \$M2.5m the year before, and this caused the deficit.

The extraordinary items included a loss on the sale of investments of \$M2m, and provision for the diminution of an investment of \$M2.6m.

During the course of the year Butters Cranes (part of Thos. W. Ward) is selling its London premises at Hillingdon to Boston Butters, cranes and elevator manufacturers of Lincoln, for \$470,000.

The move represents the final stage in consolidation of the company's manufacturing units, which are now concentrated at Butters HQ in Glasgow.

By a leasing agreement with the new owners, Butters will continue to operate the London sales facilities from the Hillingdon premises.

THOS. WARD

Mr. Roy Hattersley, Secretary of State for Prices and Consumer Protection, has decided not to refer the proposed merger between Transport Houses and Morgan Gramplan House to the Monopolies and Mergers Commission.

MARLING INDS.

Marling Industries has sold its filter fabricating division to G. H. Heath and Son (UK).

Mitchell Cotts Group Limited 1976/7 RESULTS

Table with columns: 1977, 1976. Rows: Profit before Interest and Taxation, Profit before Taxation, Funds Employed, Dividends per Ordinary Share (Interim, Proposed Final), Total for the year, Dividend Cover, Earnings per Ordinary Share.

Profit before Interest and Taxation £15,366,000 £12,536,000

Profit before Taxation £11,669,000 £9,544,000

Funds Employed £80,177,000 £73,051,000

Dividends per Ordinary Share Interim— 0.656 p 0.856 p

Proposed Final— 2.744 p 2.670 p

Total for the year— 3.400 p 3.526 p

Dividend Cover 2.31 times 2.15 times

Earnings per Ordinary Share 8.03 p 7.22 p

Profit Contribution

Table with columns: By Principal Activities, By Territories. Rows: Engineering, Freight, Transport and Storage, Commodity Trading, Vehicle Distribution, Agriculture, United Kingdom, Southern Africa, East and Central Africa, Europe, N. & S. America & Australasia.

By Principal Activities Engineering 61 64

Freight, Transport and Storage 23 25

Commodity Trading 5 3

Vehicle Distribution 6 6

Agriculture 5 2

100 100

By Territories United Kingdom 16

Southern Africa 68

East and Central Africa 20

Europe, N. & S. America & Australasia (4)

100 100

Mitchell Cotts Group Limited, Cotts House, Camomile Street, London, EC3A 7BJ. Telephone: 01-283 1234

For a copy of the annual report and accounts please contact the Secretary

The Serck Group SERCK LIMITED PRELIMINARY ANNOUNCEMENT Year ended 30 September 1977 1977 1976 Group Sales 78,400 67,900 Profit before interest 9,690 7,274 Interest Charges (net) 366 137 Group Profit before Taxation 9,324 7,137 Group Profit after Taxation 4,636 3,665 Dividends: Interim-paid 770 384 Per Share Final—proposed 2.0p 1.0p Per Share 3.94p 1.41p Earnings per Share 12.1p 9.5p MR. ROBIN MARTIN, CHAIRMAN, REPORTS: "The Group achieved another record for the third successive year with profit before tax at £9.3m. This time profits rose by 30 per cent and earnings per share by 27 per cent over the previous year. This was an excellent achievement in market conditions which were far from easy. Both overseas sales and profits increased at a greater rate than those from the United Kingdom and 52 per cent of our profits are now earned in overseas markets. World markets for our products, particularly for industrial valves which account for some 40 per cent of our sales, remain difficult and there is as yet no sign of an improvement; the UK industrial scene is also difficult. The start of the current year has not been encouraging and prospects are uncertain. We shall need a concerted effort on the part of all at Serck to match the excellent results achieved last year."

Mitchell Cotts Group Limited 1976/7 RESULTS 1977 1976 Profit before Interest and Taxation £15,366,000 £12,536,000 Profit before Taxation £11,669,000 £9,544,000 Funds Employed £80,177,000 £73,051,000 Dividends per Ordinary Share Interim— 0.656 p 0.856 p Proposed Final— 2.744 p 2.670 p Total for the year— 3.400 p 3.526 p Dividend Cover 2.31 times 2.15 times Earnings per Ordinary Share 8.03 p 7.22 p Profit Contribution By Principal Activities Engineering 61 64 Freight, Transport and Storage 23 25 Commodity Trading 5 3 Vehicle Distribution 6 6 Agriculture 5 2 100 100 By Territories United Kingdom 16 Southern Africa 68 East and Central Africa 20 Europe, N. & S. America & Australasia (4) 100 Chairman—Mr. J. K. Dick, C.B.E., F.C.A. Mitchell Cotts Group Limited, Cotts House, Camomile Street, London, EC3A 7BJ. Telephone: 01-283 1234 For a copy of the annual report and accounts please contact the Secretary

S. Simpson

LIMITED

A good year's trading, turnover and profit at record levels.

The 44th Annual General Meeting of S. Simpson Limited was held on 13th December in London. Dr. S. L. Simpson, Chairman presiding. The following are extracts from his circulated statement.

I am pleased to report a good year's trading in all divisions. In effect, our Turnover and Profit for the Financial Year under review surpassed all previous records. The achievements of the Manufacturing Companies in the second half of the year confirmed the forecast in my last year's Statement. For Simpson (Piccadilly) Ltd. the comprehensive range of DAKS clothing for men and women played a prominent part in trading and its wide range of fashion goods in all sections also proved highly successful with overseas visitors.

Both the DAKS-Simpson Manufacturing Companies made good progress in the second half of the Financial Year as the benefits of re-organisation, large investments in modern equipment and techniques, creative styling and merchandising and great efforts to meet the needs of potential Export markets, began to be realised.

Royalty incomes from our Licensees abroad are a progressive and useful contribution to profit. These areas require adequate and close liaison with our experts in this country to ensure worldwide standards of design and quality. U.S.A. remains the most expensive potential.

The Company has just finalised an Agreement with Sparrow Weatherill Ltd., internationally known for its Riding gear, to co-operate in the manufacture and marketing of Men's and Women's riding jackets, coats, jodhpurs and breeches.

The Invertere Coat Company increased its turnover and profits substantially, especially in the second half of the year, establishing new high levels. Exports accounted for more than 10% of total sales.

The past year's achievements for the Group and present trading give good grounds for a favourable outlook for the next half year. However, it would be imprudent not to recognise that we are not immune from the general industrial and financial problems in this country and overseas. The problems of inflation, industrial and social unrest, increasing charges for essential services and onerous high taxation, inevitable inflation and workers and investors, especially as the high rates of variation in many areas, including investment income, are well beyond those of our industrial competitors in other countries. However, there are some signs of a better understanding of many complex inter-related problems and of the need for all to pull together if we are to solve them for the benefit of the country as a whole. With this hope and expectation I retain a guarded optimism for the future.

My sincere thanks, as Chairman, are due to all my colleagues on the Board, and to Management and Staff of all companies within the Group for their efforts and loyal operation in achieving a successful and progressive year's trading.

First half slip for IC Gas

ALTHOUGH TURNOVER rose from £43.7m. to £52.9m. in the first half of 1977, profits of Imperial Continental Gas Association slipped from £1.28m. to £1.09m. for the half year to September 30, 1977.

The directors say that uncertainties over pay negotiations in the fuel and power industries and winter temperatures make it difficult at this stage to forecast full year profits. The surplus for 1976-77 was £22.2m. The interim dividend is 4p (3.5p) net per £1 share and a supplementary dividend of 0.68p is also declared for 1976-77 following the reduction in I.C.G.A. Last year's final payment was 5.2795p.

Results are those of the association and its subsidiaries excluding its Belgian company. Present indications are that the group's share of earnings of the Belgian subsidiaries together with the group earnings, will, in terms of Belgian francs, be slightly greater than for 1976-77.

The calor gas company's turnover was 28 per cent. higher and trading profit increased by 22 per cent. or £297,000. Its profit included £30,000 on the sale of assets on withdrawing from transport operations in Germany. The continuing pressure on margins has been temporarily in-

creased by the cost of converting butane cylinders to the more convenient "switch-on" system in Great Britain. As known, tax provisions made in the accounts of previous years amounting to some £4m. have been released and will be treated in the accounts of this year as a prior year's adjustment. No account has been taken of this in the results now submitted.

The interm dividend is 4p (3.5p) net per £1 share and a supplementary dividend of 0.68p is also declared for 1976-77 following the reduction in I.C.G.A. Last year's final payment was 5.2795p.

Turnover	1977	1976
Depreciation	£4,951	£4,203
Interest paid	1,232	1,274
Pre-tax profits	1,232	1,274
Taxation	868	226
Attributable	364	1,048

comment
First half trading profits of I.C. Gas are a fifth higher — about 50.3m. came from Century Power and Light's activities in the North Sea and the balance from calor, whose 22 per cent. increase reflects the benefits from a slightly cooler summer. But first half results are no guide to the full year since Belgian dividends, which account for more than half of earnings, are not paid until the second half. In addition, a decision is pending on dividend restraint in that country (now standing at 8.5 per cent. maximum increase annually), which may affect earnings considerably. But this time there will be little or no benefit from exchange gains as the pound has remained steady in relation to the Belgian franc while last year there was a 16.3 per cent. devaluation. Although the underlying demand for gas and electricity is rising, the practical mechanics of supply depends on the winter months. But there should be gains coming through from the reorganisation of the Belgian utility companies. At 38p the shares yield a prospective 3.8 per cent. on a maximum dividend payout.

South African recession to cut Mitchell Cotts

THE Mitchell Cotts Group cannot look for the same profit from its South African operations as it has had for the last two years, Mr. J. K. Dick, chairman, says in his annual statement. He says that shareholders must anticipate both economic and political troubles in South Africa. Last year South Africa contributed 68 per cent. of the record pre-tax profit of £11,872m, and in the June 30, 1978, year 81 per cent. He says that although group pre-tax profit may well show decline to nearer the 1976 level of £3.2m, he can see no reason why attributable profit should not increase from last year's £2.8m. And while the short-term outlook in South Africa is discouraging, Mitchell Cotts has special features which will help mitigate the worst of the economic recession. Certain of its specialist companies carry out work which has to be done whatever the state of the economy and are insulated from the worst of the difficulties. Also the participation of the South African subsidiaries in the Australian iron ore beneficiation contracts will give a lift to earnings. U.K. results, which lifted contribution from £1,580m. to £2,250m. in the latest year are expected to continue improving in the current year. Mitchell Cotts Transport has a good chance of doing better this year, although it will not reach its full earnings capacity until there is a marked and lasting improvement in the U.K. economy. The chemicals division of Mitchell Cotts and Co. (U.K.) has expanded its production and laboratory facilities with the purchase of a 27-acre site in West Yorkshire for the making of synthetic pyrethroids. The company has been involved for many years in the growing, refining and marketing of pyrethrum, a natural insecticide. Mr. Dick says that there are certain residual problems to be resolved, but he expects that by 1978 hopefully it will be near full production of pyrethroids and prospects look extremely interesting. "I hesitate to look much further ahead but it is I think a reasonable assumption that our expectations are fulfilled we should find ourselves with a grand new growth area in the U.K. on our hands. The fact that Group tea estates in both East Africa and South America have produced and are producing higher crops of good quality tea, and tea trading is on a profitable and increasing scale. Accounts have been qualified over the inclusion of £53m. under fixed assets as claims against governments. The claims are for operations rationalised in Uganda, the Government of Eritrea and auditors Muzir-Jud say they cannot form an opinion regarding the claims because of reservations about the final outcome of negotiations. An amount of £3.58m. was included in last year's accounts, but there was no qualification. The company has taken steps to ensure that the £12m. owed by the Sudanese Government in compensation is paid this year. Fixed assets of the group show an increase from £40,722m. to £44,333m. and net current assets stand at £53,533m. against £22,533m. Meeting, Winchester House, E.C., on January 13 at noon.

DOT report on London Capital Group

Call to close loopholes

THE REPORT of the Inspectors of Companies appointed by the Department of Trade to investigate the London Capital Group is primarily notable for its suggested changes in Company Law together with criticism of the professional advisers involved.

The 376 page report is in the form of a history of the company and there is no conclusion, the inspectors and inspectors' points to emerge as the story goes along. Below the criticisms and suggestions are collected together along with the inspectors' justification for pillorying the professionals.

Introduction

The Secretary of State for Trade appointed Michael Sheridan, QC, and Ian Hay Davison, FCA, as inspectors to investigate the affairs of London Capital Group. Subsequently the terms of appointment were extended to include Export Promotion and Consultancy Services (EPACS), Global Lines (Global) and Consignors of Claret (Consignors).

They say: "Our findings are that the suspicions relating to all the companies were amply justified. Indeed, the serious wrongdoing extends very considerably beyond the offences for which Mr. Stonehouse was later tried and convicted at the Central Criminal Court between April and August 1976. The companies under Mr. Stonehouse's control were saturated with dishonesty, irregularities and improprieties of one kind or another. The prime mover was undoubtedly Mr. Stonehouse, who was concerned in the conception, implementation and execution of almost all the irregular schemes we shall describe. He was helped by others, whose assistance at one level or another in the practical mechanics was essential. Accounts, books and records were treated with misplaced respect, for they were often used only to deceive skimming minds or to conceal what they should have revealed. A repeated feature of the story was that patently defective records which omitted all references to the particular wrongdoing in fact been structured to conceal others even more objectionable. Mr. Stonehouse personally instigated falsification of records and indulged in misrepresentations in an attempt to hide the wrongdoings which had taken place and to avoid his own actual or potential criminal and civil liabilities for them. In relation to the subject of our investigation we concluded that for Mr. Stonehouse truth was a moving target. The idea of forming a British-Bangladesh banking venture was not conceived or delivered in fraud. This is not a case in which the promoters were bent on wrongdoing or seeking to feather their own nests at the expense of the company or its shareholders or creditors. Mr. Stonehouse embarked on the course of serious wrongdoing when stung by bad publicity which attended an offer of shares to the public. He was propelled into crime by his pride."

Accountants' role

As regards the reporting accountants, the prospectus included the usual clause: "Dixon, Wilson, Tubbs and Gillet have given and have not withdrawn their written consent to the issue of this prospectus with the inclusion therein of their report in the form and context in which it is included."

Loan disclosures

We believe that there is room for improvement in the Section (Section 197 of the Companies Act 1948). At it stands the Section provides that the accounts are to contain particulars showing, inter alia, "the amount of any loans made during the company's financial year to any officer of the company" and also "the amount of any loans made to any officer" before the start of the year and outstanding at the year's end. It is not clear whether the particular amount to be disclosed is the aggregate amount of loans made in the course of each other year, or merely the aggregate amount of loans made during the year and the total sum due from him at the end of it. We believe disclosure provisions to be of great importance and think that precise directions as to the extent and detail of disclosure required would be welcomed.

Interim audits

The interim statement was not audited and there was no reason in law why it should have been. We think it would be preferable in future if any statement of this kind, exhibited at a company's premises directed to its members or prospective depositors, was required to bear a prominent statement as to whether or not it had been audited.

Companies Act

Sections 54, 190 and 197 Companies Act 1948. There is much scope for abuse because of the assertion or pretence that loans are made "in the ordinary course of its business," may be used to justify concealment from the

We think there is much to be said for the point of view that the Rules of the Stock Exchange should govern any public offering of shares, whether or not the company is to be quoted. It may be that this is easier said than done and that, even if done, determined wrongdoers may slip through the net. We are aware, of course, that a major review of City institutions is taking place and we hope that the feasibility of what we have said will be the subject of further consideration in that review and by the Council of the Stock Exchange itself.

Extradition limits

The ease of present-day travel has extended escape routes throughout the world. We think this factor, coupled with the complex scope of modern financial frauds, should prompt the international community to a reconsideration of the suitability of the current restrictions on extradition, by which proceedings are effectively limited to the charges raised in the extradition proceedings. The present machinery, which may at one time have had much to commend it, seems to us to be cumbersome, repetitive, needlessly expensive and redolent with delay.

Criticism justified

Were there not several important lessons in the public interest to be learned, we would not think that the shortcomings of these reports warranted the stigma of description in a report of this kind. However, it must be realised that in the field of financial and company fraud the prospects for a solo performer are not great. A team of helpers and the assistance of compliant professional advisers are fundamental tools of the trade.

Slipshod approach

Sir Charles Hardie was prepared to sign the accounts as long as the loans were repaid. This was to be verified by a team from Dixon Wilson. "We doubt whether they reviewed the relevant loan accounts at all. Having regard to the fundamental importance of the fundamental importance of the clearance of the accounts, the superficiality of the verification that this had been done can only be regarded as thoroughly reprehensible. It can scarcely be a complete answer for Sir Charles to say that there were no grounds for suspicion. Not to have probed the realities of the paper transactions was, in our opinion, a serious dereliction of duty. We would not, of course, criticise anyone for lacking the wisdom before an event which they acquired after it. Unfortunately, the slipshod approach to the 1973 audit was itself partly responsible for the failure to discover the sleight of hand by William de Bone over the above rule and no such consent was sought or given. On November 23, 1972, they wrote to the Council with an apology, which was accepted on the terms that corrective advertisements would be placed in the Press. Disclosure of loans in the 1973 accounts. The circumstances of this case do not entitle the solic-

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Stag Furniture Holdings Limited

Capitalisation Issue of 857,770 10 per cent. Cumulative Preference Shares of £1 each. The Council of The Stock Exchange has admitted the above Preference Shares to the Official List. Dividends will be payable in equal half-yearly instalments on 31st March and 30th September each year. The first payment, amounting to 3.02p per share (net of related tax credit), will be made on 31st March, 1978. Particulars relating to the Preference Shares are available from the Statistical Service of Xcel Statistical Services Limited and copies of such particulars may be obtained during normal business hours on any weekday (Saturdays and public holidays excepted) up to and including 4th January, 1978, from: Keyser Ullmann Limited, 25 Milk Street, London EC2V 5JE. 14th December, 1977. Pamure Gordon & Co., 9 Moorfields Highwalk, London EC2Y 5DS.

The Irish Glass Bottle Company Limited

Extract from the statement made by the Chairman Mr. P. W. McGrath at the Annual General Meeting of The Irish Glass Bottle Co. Ltd., on Tue, Dec. 13th 1977. Last year in my statement, I expressed considerable concern as to the future prospects for Irish industrial employment which, regrettably, proved justified as the year progressed. Fortunately, a considerable improvement was apparent towards the end of the financial year not only in your industry but in industrial employment generally and together with other matters with which I will deal later, have largely produced the record results for the 52 weeks ended 28 June, 1977. Consequently your company was able to increase its sales both in volume and money terms during the year in particular on the export markets. Some of these additional benefits are as a result of our close liaison with the Rockware Group which association continues to be helpful and constructive. Due to the increased demands for your company's products, it was necessary for us to increase production and employment, thus enabling your company to avail, for portion of the year, of the special tax concessions granted by the Government to Irish companies increasing output and employment to certain levels. While there was a slight improvement in net profit margins earned by your company, they are still not at a sufficiently high level to support increased working capital requirements and the expansion which the company hopes to carry out in the coming years. Since my last Annual Statement, the taxation situation both for companies and individuals has improved, and to some extent seems to meet the requirements which, last year, I indicated were necessary to create an environment for expansion in our industry and in industry generally in Ireland. It will be noted that the Group Profit before Taxation and Extraordinary Item amounted to £1,055,397 compared with £696,742 last year. This increase of 50% is due in the main to an increase in volume of production and sales on both home and export markets and to a certain improvement in efficiency. After making provisions for Taxation, Minority Interests and Extraordinary Item, the profit attributable to the shareholders of the IGB amounts to £217,364 compared with an amount of £380,181 last year. You will also note that the earnings per share have more than doubled and, accordingly, the Board is proposing a Final Dividend of 2.4645p per share which together with the Interim Dividend of 1.3000p per share is equivalent to a total Dividend of 3.7645p per share for the year. This dividend and the related tax credit is equal to a total of 23% on the ordinary shares for the year compared with 17% paid last year. The increased dividend, which is covered more than three times, is the least shareholders are entitled to in view of the fact that dividends over previous years have not in any way kept pace with inflation or the increased costs of living. In view of the very strong Balance Sheet of the company and the very healthy state of its affairs, it is proposed to make a Bonus Issue of 1 Ordinary Share for every 3 shares held and, following the Annual General Meeting, an Extraordinary General Meeting will be held to consider this proposal. Finally, the low taxation charge is, as stated before, due to special Government relief on employment and production and also due to the bringing back of deferred taxation provisions which are no longer required as a result of the reduction of the Corporation Tax rate.

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IMPERIAL CONTINENTAL GAS ASSOCIATION

Interim Statement

Consolidated Results (unaudited)	Half Year to 30.6.77	Half Year to 30.6.76	Full Year to 31.3.77
Turnover	£5,987	£4,701	£12,678
Trading Profit	5,514	4,805	18,764
Depreciation	4,025	3,888	7,947
	1,288	1,417	11,717
Income from Investments	145	104	18,882
Interest (net)	(248)	(245)	(410)
	1,186	1,276	22,188
Group Results before Taxation	668	983	12,736
Taxation			
Group Results after Taxation	520	793	9,823
Minority Interests	58	45	135
Results attributable to ICIGA	462	748	9,688

The consolidated results are those of the Association and its subsidiaries excluding its Belgian subsidiaries.

Belgian subsidiary companies are not consolidated in accordance with the dispensations granted by the Department of Trade.

Dividends

The Directors have declared an interim dividend for the year ending 31st March, 1978 of 4p per stock unit on the £40,413,118 Ordinary Capital Stock, costing £1,616,525. In addition, the Directors have declared a supplementary dividend in respect of the year ended 31st March, 1977 of 0.08122p per stock unit, costing £35,824, to compensate stockholders for the retrospective reduction in the basic rate of income tax.

The two dividends totalling 4.08122p per stock unit will be paid on the 21st March, 1978 to stockholders on the register at the close of business on the 16th February, 1978. The interim dividend paid on the 28th March, 1977 of 3.5p per stock unit on £39,608,726 Ordinary Capital Stock cost £1,386,305. The capital of the Association has been increased by the issue of £804,392 Ordinary Capital Stock mainly to holders of the Convertible Unsecured Loan Stocks who exercised their conversion rights in September, 1977.

Notes

Once again the Directors cannot emphasise too strongly that the results shown for the half year provide no guidance concerning the probable results for the year.

Apart from income from General Investments, which is relatively insignificant, the Association's investment income is derived from dividends from Belgian companies, all of which are booked in the second half of the financial year. Present indications are that the Group share of earnings of the Belgian subsidiary companies, together with the Group proportion of UENRG earnings, will, in terms of Belgian francs, be slightly greater than for 1976/77. Stockholders will recall that the dividends in respect of 1976 were converted at an average rate of exchange of B.Frs. 62.3 to the £, compared with the current rate of exchange of B.Frs. 63.25 to the £.

The Calor Group's turnover was 28.4% up on the first six months of last year. Trading profit increased by 22.0% to £897,000. It included £400,000 profit on the sale of assets on withdrawing from transport operations in Germany. The continuing pressure on margins has been temporarily increased by the cost of converting burners to the more convenient "Switch-On" system in Great Britain. Depreciation was 31.3% up on the comparable period last year, due to a continuing high level of capital expenditure. However, lower interest rates led to a reduction of 8.0% in financing costs.

Tonnage in all Calor gas businesses was up on last year, reflecting the generally cooler weather in the spring and summer. Transport and Engineering Divisions in Great Britain also showed satisfactory improvement. Results of Pro-Sil in the U.S.A. were again disappointing, due to poor harvesting conditions, but plans for the commercial development of an animal feed based upon whey continue to progress.

Although the half-year results are encouraging, the uncertainties over pay negotiations in the fuel and power industries and winter temperatures make it difficult at this stage to forecast the profit of the Calor Group for the full year.

The value of gas and liquids sold from the Hewett Field by Century Power and Light Limited rose by 23% with trading profits at £576,000 before depreciation and financial charges, increasing by 12.0%.

Seamud Services Limited with a turnover of £266,000 (compared with £333,000) produced a trading loss of £32,000 (profit £70,000).

The charge for taxation has been calculated at the provisional rate of 52% but certain losses of overseas subsidiaries in the first half year, largely seasonal, do not give rise to a corresponding tax offset. As previously reported, tax provisions made in the accounts in previous years amounting to approximately £1,400,000 have been released and will be treated in the accounts of this year as a prior years' adjustment. No account has been taken of this in the Consolidated Results for the half year to 30th September, 1977 now submitted.

K Shoes Limited

Preliminary Profit Statement

The Group Profits and Dividends are summarised as follows:-

Year ended 30th September	1977	1976
Group Turnover	£000's	£000's
	43,147	39,573
Group Profit after all charges but before taxation	2,086	1,562
Taxation	382	45
Group Profit after Taxation	1,704	1,517
Ordinary Dividends	%	%
Interim - paid	3.08	3.08
Final - proposed	6.00	5.28
TOTAL	9.08	8.36
Amounts absorbed by dividends	£000's	£000's
Preference - paid	11	11
Ordinary - paid and proposed	341	314
TOTAL	352	325
Earnings per Ordinary Share	11.27p	10.03p

For 1977 the Group has, for the first time, adopted accounting standard SSAP 9 relating to the valuation of stocks and has ceased to provide for deferred taxation, following the recommendation of Exposure Draft 19.

The 1976 figures have been altered so that they are fully comparable.

The Annual General Meeting will be held in Kendal on Thursday, 16th February 1978. The final Ordinary Dividend will be paid on 6th March 1978, the record date being 16th January 1978.

DIVIDENDS

The Directors propose a Final Ordinary Dividend of 1.5 pence per share (1976 1.32 pence). The Interim Dividend was 0.77 pence per share, so that the total Ordinary Dividend for the year, with an imputation tax credit of 34% (1976 35%) is equivalent to a gross dividend of 13.75% (1976 12.86%).

The Chairman, Mr. S. Crookenden, comments:-

Pre-tax profits for the year, at £2,086,000 show an increase of 33.5% while the turnover of £43,147,000 was up by 9%.

The year's results are better than expected at the half-year, thanks to a fine performance by our retail company, K Shoe Shops Ltd. They produced a record profit, helped by buoyant demand in August and September.

The Manufacturing Company, K Shoemakers Limited, had a difficult year, making a loss. The first half-year was depressed with the problems of closing one factory and of running other factories below capacity, and it took several months to rebuild morale and productivity. Our factories are now busy, thanks to improved demand this autumn, and to increased forward orders from retailers for the spring 1978 ranges of men's, women's and children's K shoes. Manufacturing prospects look much brighter than at this time last year.

K Shoes Limited, Kendal, Cumbria

Crown House ahead and sees over £2.61m.

ENGINEERS' table glassware manufacturers and property developers Crown House reports an increase in taxable profits for the six months to September 30, 1977 from £1,972,411 to £2,111,000, an increase of 6.5%. The directors say that profits may be affected by pay difficulties but they expect the full year's figure to exceed the record £3.8m. for 1976/77.

On increased capital from a two-for-five scrip issue the interim dividend is lifted from an adjusted 1p to 1.1p net per 25p share. Last year's final was an adjusted 5.02714p. Orders for the company's engineering services during the period were up from £37m. to £48.5m.

The company's former associate, Anglo International Hotels became a subsidiary on September 27, 1977.

	Six months 1977	Six months 1976
Turnover	43,147	39,573
Associate company loss	1,288	1,417
Tax	382	45
Net profit	2,086	1,562
Dividends	352	325
Minorities	11	11
Preference dividends	11	11
Retained	230	211

Comment

The six weeks strike of the British Oxygen drivers which has affected gas deliveries will reduce full year profits from Crown House's glass activities by around £200,000, while the lift maintenance engineers' dispute could take out between £25,000-£30,000 of subsidiary W. J. Furse's annual profit. But even so Crown House is on target to turn out £3.55m. for the full year compared with £2.60m. On that basis the shares at 31p stand on a prospective p/e of 5.0. The glass activities have enjoyed a good first half, increasing their contribution from a quarter to around three-tenths of group profits thanks to the influence of Jubilee buying by tourists. Meanwhile the lion's share of Crown House profits still comes from electrical and mechanical services, which contribute nearly a half of the pre-tax total. There the group is supported by nearly 15 months' worth of contracts, but only half the profit from this arises from the vulnerable construction related activities. A yield of 10.2 p.c. on the shares is hardly a fair reflection of the prospects.

Warnford tops £0.8m. at midterm

Turnover for the six months to June 30, 1977 of Warnford Investments increased from £1.03m. to £1.14m. and pre-tax revenue rose from £70,362 to £80,703 including £30,437 (£46,153) on associates.

Niarchos wins fight over Mayfair offices

THE NIARCHOS shipping group yesterday succeeded in a High Court bid to retain its Mayfair offices, in spite of a Central London development plan to revert properties back to residential use.

Deputy judge Sir Douglas Frank quashed an Environment Secretary's decision refusing to continue planning consent for Niarchos to 36-37, 41 and 43 Park Street, London, as offices. The company had temporarily planning consent. But Westminster City Council refused it permanent consent in 1973. This refusal was later upheld by the Minister of Environment.

The High Court decision could affect other offices in the Mayfair area.

How holiday transport will be cut

LONDON will have a limited bus and tube service over Christmas, London Transport said yesterday.

On Christmas Day, buses will run until 4 pm on key sections of 38 routes, and tubes will run from 9.30 am to 1.30 pm on some sections of lines. Many stations will be closed.

On Boxing Day and Bank Holiday Tuesday, buses will operate on 171 routes or sections of routes, starting at 9 am and finishing at Sunday times. Tubes will operate a reduced Sunday service on Boxing Day, starting at 10 am, and a normal Sunday service on Bank Holiday Tuesday.

On the New Year Bank Holiday Monday, January 2, buses and tubes will run a normal Sunday service, with last trains at Monday times.

British Rail pledge on Freightliners

By Ian Hargreaves
FREIGHTLINERS, the road-rail container carrying company, about to be absorbed into the National Freight Corporation by British Rail, will not undergo major changes in objectives, structure or management.

This assurance was given in a letter from Mr. David Bowick, chief executive of British Rail, to Mr. Cyril Blaxland, managing director of Freightliners.

Mr. Bowick said he wanted to clarify the position of Freightliners to avoid uncertainty among customers and staff during the ownership transition period, which involves the passage of a Transport Bill. Fears have been expressed by some of Freightliners' customers that within British Rail, the company would become less flexible and less marketing conscious.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends concerned are interim or final and the subdivisions shown below are based mainly on last year's time-table.

Company	Date
Anglo American Asphalt	Dec. 18
Arden	Dec. 13
Crown NV Investments	Dec. 20
Cooper Industries	Dec. 20
Dunelm Investment Trust	Dec. 19
Dunelm Investment Trust	Dec. 19
General Engineering (Fradcliffe)	Dec. 19
Greenshaw Investment Trust	Dec. 18
Investment Managers Ltd.	Dec. 19
Johnston-Richards (B. & R.) Trust	Dec. 20
London and Liverpool Trust	Dec. 19
Toothill (R. and W.)	Dec. 20
Widals	Dec. 20
Larbro	Dec. 20
Scottish Home Investments	Dec. 20

After tax of £403,272 (£397,721) and minorities of £181 (£168) the distributable balance is up from £277,553 to £387,285.

Earnings are shown to be ahead from 3.88p to 4.14p per 20p share, and the interim dividend is raised from 2.0812p to 2.375p net. Last year's total was £563,917p and pre-tax revenue came to £1.52m.

Concrete Products of Ireland

Trading profits for the year to September 30, 1977, at Concrete Products of Ireland, a Marley subsidiary, advanced from £2.25m. to £3.43m. and after interest charges of £294,000 against £211,000, pre-tax profits were ahead from £2.11m. to £2.18m. At midway the pre-tax surplus was £0.77m. compared with £0.73m.

With tax absorbing £731,000 (£861,000) full-year earnings are shown to be up from 14.3p to 17.9p per 25p share and the divid-

end total is effectively lifted from 1.032p to 1.875p net, with a final of 3.9p.

Nth. British Steel turns in £900,874

PRE-TAX profit of steel foundries and engineers North British Steel Group (Holdings) was up from £554,444 to £900,874 for the year to September 24, 1977, despite a slight second-half downturn from £442,444 to £437,874. Sales for the year were ahead by £1,066m. to £6,799m.

Stated earnings are 9.2p per 25p share compared with 7.9p and the dividend is stepped up to 1.815p (£1.83p) with a final of 1.215p net. Tax took £466,500 (£449,356) leaving a net profit of £434,374 against £405,088.

Advance by Moorgate

Total gross revenue of Moorgate Investment Company for the half-year to November 30, 1977, rose from £141,978 to £158,807. After expenses, interest charges, corporation tax and tax credits imputed to franked income, of £74,965 (£67,310), net earnings advanced from £74,068 to £94,722. Earnings are shown to be ahead from 1.50p to 2.03p per 25p share. So as to reduce disparity with the final, the interim dividend is lifted from 1p to 1.3p net. Last year's total was 3.055p paid from net revenue of £181,231.

Further dip at Baggeridge

Profits of Baggeridge Brick fell from £303,178 to £277,210 in the year ended September 30, 1977, after being £3,000 adrift at halfway. Turnover was down from £4.28m. to £4.17m.

Earnings per share are shown to be 3.29p (£5.61p). The net dividend is 2.35473p (£3.08p). After tax £145,801 (£158,656) and redundancy costs on kiln closure £3,149 (nil), and crediting £29,437 revaluation of stocks at October 1, 1976 in accordance with SSAP 9, the available net balance comes out at £144,747 (£144,230).

HOME CONTRACTS

Marconi's £12m. MoD order

MARCONI COMMUNICATIONS SYSTEMS has won a £12m. contract to supply the British Army with transportable radio equipment. This follows a similar order worth £7.6m. announced in 1974.

The equipment consists of 460 Triffid relay sets. These will be used to form a network designed to work into the Army's Pirbright tactical communication system planned for introduction in the next decade.

Marconi Communication, a subsidiary of GEC-Marconi Electronics, will manufacture about two-thirds of the equipment. Siemens and AEG-Telefunken, with whom it is collaborating, is to produce the remainder. Deliveries are expected to begin in about two years.

NATIONAL COAL BOARD contracts worth almost £12m. have been awarded to 22 companies in respect of haulage, manhandling and coalface machinery: light and heavy flat-bottom rails and flatplates; roller bearings; ball-completers and adaptors for electrical cables; and fire-resistant practice shooting.

BALEFORTH BEATTY CONSTRUCTION (SCOTLAND) has received a contract worth £24m. from Tayside Regional Council, on behalf of the Scottish Development

Department, for road and bridge work on Dundee's Kingsway, part of an improvement scheme on the Perth to Aberdeen and Inverness trunk road. The long-term plan is to link up the A35 to Perth with dual carriageway for the River Tay near Perth with the M80 motorway to the south.

GRANT LYON EAGRE, Scunthorpe, of the Bos Kallis Westminister Group, has been awarded contracts totalling more than £1.4m. They include four trackwork orders for the Ravenscroft, Lanarkshire, works of the British Steel Corporation, a contract from the Department of the Environment to supply and install a new rail loco spur at REAME workshops in Forthside, Stirlingshire; the supply and installation of rail track for a rapid loading scheme at the National Coal Board's Rawden colliery, Ashby de Zoza, and at Rosyth Naval Base, where the company will supply and install bridge track for a rail synchroniser system between the existing dockyard and a new re-fitting complex, allowing overland transport of vessels to the new covered dry dock.

SOUTHERN COUNTIES CONSTRUCTION COMPANY has won contracts worth £10m. which include industrial buildings (£22,000); a new scheme at Hayling Island, Borough of Havant (£10m.) and a new school building (£2m.) widening of carriageway for Surrey County Council (£181,000).

HYGROTHERM ENGINEERING, Manchester, has been awarded a contract for the supply and installation of pollution incinerators for Simon Carves, Stockport. The order is for the Morfa site for the Steel Corporation, Port Talbot.

SIEMENS has received an order to supply a system-3M computer controls to Beaver Manufacturing for closed-loop axis control for Beaver's NCS millturning and boring machines. NCS-ATC vertical lathe centre.

SPRAYTEX Building Materials, Dunstable, has been awarded a contract worth £120,000 by GPC Products Ltd. for the supply and installation of asbestos roof insulation for a new factory building in Dunstable.

APOLLO

Edited by Denys Sutton

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Thank you, International Herald Tribune

The International Herald Tribune recently commissioned some research* about newspaper readership, in a context of European finance. Those concerned with Euromoney dealings and management were asked (a) which paper do you read? and (b) do you consider it essential business reading? Here are the findings.

	Read regularly	Consider publication essential business reading
FINANCIAL TIMES	65%	31%
EUROMONEY	49%	16%
INTERNATIONAL HERALD TRIBUNE	42%	8%
ECONOMIST	33%	14%
BUSINESS WEEK	24%	7%
BANKER	23%	5%
INSTITUTIONAL INVESTOR	21%	4%
THE TIMES	19%	2%

* Source: *The European Money Market*, July 1977 by Research Services Ltd., on behalf of the International Herald Tribune.



FINANCIAL TIMES EUROPE'S BUSINESS NEWSPAPER

OVERSEAS MARKETS + FOREIGN EXCHANGES \$ still weak

Partial rally after initial decline

BY OUR WALL STREET CORRESPONDENT
AFTER AN early decline today, also unsure about the first-quarter outlook...

PARIS—Stock prices continued to cheer up, as a number of selling orders on the Comptant market...

NEW YORK, Dec. 13. The U.S. dollar continued to decline in the foreign exchange market yesterday...

VIENNA—Tending to soften, the market touched a record high point of DM2.1445 in terms of the dollar yesterday...

FOREIGN EXCHANGES
Gold Market
Foreign Exchanges

Table with columns: Stock, Change, Price. Lists various active stocks and their price movements.

Table with columns: Stock, Change, Price. Lists other market activity.

Table with columns: Currency, Rate. Lists currency exchange rates for various countries.

Table with columns: Currency, Rate. Lists exchange cross rates for major currencies.

Table with columns: Currency, Rate. Lists forward rates for various currencies.

Table with columns: Index, High, Low, Close. Lists various indices and their performance.

Table with columns: Stock, Price, Change. Lists NYSE All Common stocks.

Table with columns: Stock, Price, Change. Lists Montreal market activity.

Table with columns: Stock, Price, Change. Lists Toronto market activity.

Table with columns: Stock, Price, Change. Lists Johannesburg market activity.

Table with columns: Stock, Price, Change. Lists Overseas Share Information for various countries.

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INTERNATIONAL FINANCIAL AND COMPANY NEWS

GERMAN COMPANIES

Daimler-Benz sales peak as competition sharpens

BY ADRIAN DICKS

BONN, Dec. 13.

DAIMLER-BENZ, in a preliminary report on its performance during 1977, revealed today that its sales had for the first time topped the DM25bn. (\$6.3bn.) mark, while its production of private cars also exceeded the company's own previous records to reach a figure well over 400,000 during the year.

On the strength of this extremely solid performance, Herr Joachim Zahn, the chairman of Daimler-Benz, forecast that profits should correspond to those of the previous year. At the same time, however, he made clear that the recent upward drift of the D-Mark, coupled with the sharpening of competition in the commercial vehicles market in Europe, has presented Daimler-Benz with an extremely tough challenge during the coming year.

Preliminary 1977 results, disclosed by Herr Zahn in Stuttgart this week, show that Daimler-Benz did considerably better than the average for the West German motor industry in its private car sales in 1977. Output rose by 30,000 units this year (compared to an increase of 20,000 units in 1976), while in the six years since 1971 it has risen by over 30 per cent. This compares with a total production increase for the West German motor industry of 3 per cent. During the same period,...

plant capable of producing high-quality vehicles and engines, in building up a service network, and in going over at an early stage to mass production for commercial vehicles. New models were proving successful, Herr Zahn said, citing the introduction of the Trans, in building up a service network, and in going over at an early stage to mass production for commercial vehicles.

Nonetheless, the Daimler-Benz chairman also sounded a note that has been widely heard in the past few weeks in West German Boardrooms, when he referred to recent developments in the foreign exchange market: "The renewed pressure of costs, in conjunction with the drastic sharpening of the currency situation in the past few weeks, give occasion for particular concern above all in the preservation of current levels of output, and that means making use of the work force."

During the current year, Daimler-Benz increased its labour force by some 5,000 people to 132,000. Herr Zahn forecast that in at least some plants—including the high-unemployment region of Bremen—there was a good chance of further jobs becoming available in 1978.

Crédit Suisse after Chiasso

BY JOHN WICKS

ZURICH, Dec. 13.

THE PROFITABILITY of Credit Suisse remains unimpaired and will permit the maintenance of last year's dividend. This is stated by the Swiss bank in a refutation of claims made in a recent edition of the Zurich daily newspaper "Tat" which will be the subject of criminal and civil proceedings.

Loan demand remained lively at home and abroad despite the disclosure of the Chiasso affair earlier this year, says the bank. The flow of new deposits evinced a gratifying rise in the third quarter, and clients entrusted the bank with new deposits worth Sw.Frs.208.5m. in October. The number of accounts is said to have risen by 23,300 since March 1977, and deposits are reported to have exceeded the sum recorded at the start of the year.

In April it had been disclosed that large sums of clients' fiduciary funds—subsequently specified by the bank as Sw.Frs.2.17bn.—had been misdirected by managers of the bank's Chiasso branch to the Liechtenstein letter-box company Texon-Finanzanstalt Credit Suisse believes it will take "years" for prosecutions in connection with the case to be concluded.

To-day it was announced at a Press conference that the bank is suing "Tat" editor Dr. Roger Hill Samuel as lead manager of the issue, to be expected until the new year.

EUROBONDS Inco coupons raised

BY MARY CAMPBELL

THE CONTINUATION of the fall in the dollar plus the acceleration of new issue activity in the U.S. dollar sector took its toll on the Inco two-tranche offering. In the final analysis the coupons have been set a quarter of a point higher than indicated on both tranches. The issue prices will be par, putting the yield on the seven-year tranche at 8 1/2 per cent and the yield on the 15-year tranche at 9 per cent.

Coupons of 8 and 8 1/2 per cent respectively had been indicated at the start of the offering period. Late last week, the indicated pricing was cut to a discount. Since the issue was first announced ten days ago, the dollar rate against the Swiss franc has fallen from over Sw.Frs.2.135 to Sw.Frs.2.104. The proposed 8 per cent coupon on the seven year tranche was also directly challenged by the announcement last Friday of an 8 1/2 per cent, indicated coupon on an issue by the French Railways (under French Government guarantee).

The U.S. dollar sector of the market was again quiet yesterday though prices were easing again. Reports that the Italian Banco Ambrosiano was planning to launch a floating rate note with

Eurodollar controls proposed

BY STEWART FLEMING

NEW YORK, Dec. 13.

A PROPOSAL that the foreign branches of U.S. banks should be required to put aside reserves just like their domestic offices has been put forward by Congressman Henry Reuss, the influential chairman of the House Committee on Banking, Currency and Housing.

Rep. Reuss has pressed the issue in a letter to Federal Reserve Board chairman, Dr. Arthur Burns, primarily from the standpoint of the impact of such a move on U.S. credit markets. But a staff member of the committee, Ms. Jane D'Ariza, confirmed this morning that such a move, if coordinated internationally as Rep. Reuss wants, would in effect be a step towards regulating the Eurodollar market.

As such it would be the first regulatory move of its kind and could have a major impact on how the Eurocurrency markets operate and on where this business is conducted.

In his letter to Dr. Burns, Rep. Reuss argues that U.S. banks are making some \$20bn. of loans from foreign branches. He points out that because no reserve requirements are imposed on these loans the banks are able to make a bigger profit than if non-interest earning reserves had to be set aside.

The imposition of reserve requirements on foreign branches would, Rep. Reuss argues, reduce this incentive to lend abroad and make more bank credit available in the U.S. It would also reduce the volatility of credit flows between the Eurocurrency markets and the U.S. money markets by diminishing the incentive to send money abroad.

Rep. Reuss is now awaiting Dr. Burns' response. It is pointed out however that under the Federal Reserve Act, U.S. banks are required to post reserves against foreign branches. The Act, however, allows the Fed to waive the requirement on grounds that such a move would put U.S. banks at a competitive disadvantage.

A & P sees new loss of \$5m.

BY TERRY BYLAND

GREAT ATLANTIC and Pacific Tea Company (A & P), the only two years ago, was widely interpreted as an indication of continuing problems within the organisation.

Mr. Gentry, who joined the group only two years ago, was widely interpreted as an indication of continuing problems within the organisation.

It will also add to the group's warning delivered when annual results for 1977 were reported last month. The 1977 results showed a loss of \$5m. for the year, compared with a profit of \$5.1m. a year ago.

The announcement will reawaken the doubts felt on Wall Street when the president and chief administrative officer, Mr. Grant C. Gentry, resigned unexpectedly last month.

A and P said the estimated loss amounts to \$0.20 a share in the third quarter compared with a profit of \$0.20 a year earlier. The result included, it said, an approximate loss from operations of \$2.5m., about the same from losses on closure of certain facilities and other facets of the re-development programme.

It added that the result reflects use of tax loss carry forwards and said it issued the estimates in response to a Press article in June. A and P restored its dividend after nearly three years, a move made possible under terms of an agreement with the group's bankers which stipulated that dividends could be resumed only after four consecutive quarterly profit reports.

The group is now in the third year of a five-year re-development programme which has seen the closure of some 1,700 obsolete or unprofitable stores.

Dana dividend

A FURTHER increase in the dividend is announced by Dana Corporation, the U.S. component manufacturer, whose shares are to be listed in London next month. On March 1st, holders will receive a dividend of \$0.31 a share, beginning an annual rate of \$1.24 a share. Only a month ago, Dana increased its annual rate to \$1.20 a share, with a final quarter dividend of \$0.30.

AN INCREASED dividend has been declared by Fluor Corporation, the international engineering and construction group, which has beaten earnings forecasts for the year to October 31 published by analysts earlier this year. A payment for the fourth quarter of \$0.30 raises the forecast of \$1.20 for 1977, which Fluor said is "very comfortable" in March 1978 year.

Fluor's earnings for the year rose to a record \$75.5m., \$0.30.

Deutsche Babcock to pay same

BY OUR OWN CORRESPONDENT

BONN, Dec. 13.

DEUTSCHE BABCOCK, the boiler-making, power generating equipment and heavy engineering group in which the Iranian Government is the biggest shareholder with a 25 per cent stake, is to propose an unchanged dividend for 1977-78 following a meeting of the Board and the supervisory council yesterday.

This means that Deutsche Babcock will pay 15 per cent (DM5 per share) to ordinary shareholders and DM17 per cent to Preference shareholders. For West German residents, the new corporation tax regulations will mean a cash payout of closer to DM12 per share.

In addition, the annual meeting next March will be asked to approve a one-for-four rights issue, with the company's capital base for the second time within a year, from DM200m. to DM250m. in nominal terms.

plant orders from the Third World in recent months, and it is also likely to benefit from the West German Government's announced policy of switching to conventional power stations in deference to anti-nuclear lobbies here.

Deutsche Babcock stated that 1976-77 sales were down on the previous year's, though it did not publish any figures. The order book was said to be up by 15 per cent to DM5.3bn at the end of September, while exports accounted for 60 per cent of group turnover last year—up slightly from 1975-76.

General des Engrais SA (GESA), the French fertiliser firm, is to be acquired by the Dutch firm Unie Van Kunststof-Fabrieken, BV, has been trying to buy. Rhone-Poulenc said the aim of the bid is to consolidate the market position of GESA while preserving the individuality of SOPAG.

Dubai-BICC \$12.5m. deal

A BRITISH company, British Insulated Callender's Cables, and the Emirate of Dubai in the United Arab Emirates are to set up a 50m. dirham (\$12.5m.) joint plant for the production of cables, reports Reuter from Dubai.

Rhone-Poulenc offer

RHONE-POULENC has offered to acquire a majority interest in the fertiliser firm Sie de Participations Gardinier (SOPAG). According to Reuter, Rhone-Poulenc said it had decided to bid after taking into account the French Government's wish to find a French purchaser for SOPAG.

General des Engrais SA (GESA), the French fertiliser firm, is to be acquired by the Dutch firm Unie Van Kunststof-Fabrieken, BV, has been trying to buy. Rhone-Poulenc said the aim of the bid is to consolidate the market position of GESA while preserving the individuality of SOPAG.

Advertisement for Société Nationale de Constructions Mécaniques SONACOME. Includes logo, company name in Arabic and French, and a list of banks: Barclays Bank International Limited, Lloyds Bank International Limited, Mellon Bank N.A., Bank of Montreal, Canadian Imperial Bank of Commerce, Continental Illinois Limited, European Arab Bank, Girard Trust Bank, Bank of Montreal, Barclays Bank International Limited, Barclays Bank S.A. Paris, Canadian Imperial Bank of Commerce, Continental Bank, The Fidelity Bank, The First National Bank of Boston, Girard Trust Bank, Lloyds Bank International Limited, Manufacturers Hanover Trust Company, Mellon Bank, N.A., Merrill Lynch International Bank Limited, Union Méditerranéenne de Banques.

Table of Selected Eurodollar Bond Prices. Columns include Bond Name, Bid Price, Offer Price, and Conversion Price. Includes sections for STRAIGHTS, CONVERTIBLES, and NOTES.

Advertisement for Laurentide Financial Corporation Ltd. Includes logo, company name, and financial data: Consolidated after-tax earnings in the nine month period ended September 30, 1977 were Can \$4,820,000 compared with Can \$4,429,000 in the same period last year. Earnings per common share increased 13% to 97.3 cents from 86.2 cents. Operating Summary for Nine Months Ended September 30, 1977 vs 1976.

INTERNATIONAL FINANCIAL AND COMPANY NEWS

SWEDISH COMPANIES

AGA in \$30m. U.S. bid

BY WILLIAM DULFORD

AGA, the SWEDISH industrial and heat engineering concern, has made a \$30m. bid for 10 per cent of the share capital of Burdco, of Cleveland, Ohio.

STOCKHOLM, Dec. 13.

AGA had a 20 per cent profit growth to Kr.194m. (€22.3m.) last year. Just under half its share capital is held by the Swedish company.

Perstorp expands abroad

BY OUR NORDIC CORRESPONDENT

STOCKHOLM, Dec. 13.

PERSTORP, the Swedish chemical company, has taken over the Waretite laminate business in U.K. last year, showing that the growth in the year ended August 31 was even higher than in the preliminary report.

High on the list is a consumer plastics manufacturer on the Continent. The principal Spanish shareholders are the Banco Iberico and the Fierro family.

Capital increase for Fasa Renault

By Robert Graham

MADRID, Dec. 13

FASA RENAULT, the group's Spanish subsidiary in which it holds a 65 per cent stake, is to increase its capital as part of a plan to meet investment needs for expanded capacity.

The principal Spanish shareholders are the Banco Iberico and the Fierro family.

The share issue coincides with the imminent merger of Banco Iberico with the Banco Central to create the largest group of banking interests in Spain.

AFRIKANER BUSINESS HOUSES

A rift between the giants

BY RICHARD STUART IN JOHANNESBURG

AN APPARENTLY irreconcilable rift has developed between the two major Afrikaner business houses, the Cape-based mutual assurance giant, Sanlam, and the Transvaal-based Volkskas Bank.

friendly, but neutral, hands of the international tobacco giant, Rembrandt.

challenge by launching a bank, Volkskas, giving the latter full control. Bonuskor was originally established as a joint venture between the two houses, the Sanlam group's Sanbank and Kredietbank.

years, this enterprise has got into deep financial problems, partly due to the lack of any clear direction from the joint shareholders.

DOMESTIC BONDS

Dutch issue could raise Fls 400m.

BY JEFFREY BROWN

FOR a 15 years loan by the Dutch government were priced on December 20 when the Amsterdam bond market was quiet.

The new state paper will carry a coupon of 8 1/2 per cent, and be priced at 103 per cent. Payment date is January 18, 1978.

Provisions hit FNCB-Waltons

BY JAMES FORTH

SYDNEY, Dec. 13.

FNCB-WALTONS Corporation, the finance company, ran up a loss of \$45.99m. for the year to July 28, after providing \$47.5m. for losses on its investment in its finance subsidiary.

Approval has now been given by the appropriate Australian, U.S. and U.K. authorities, and Barclays has now bought 50 per cent of FNCB-Waltons Corporation.

and Citibank has apparently taken the brunt of these problems. The market expectation at present is that the long term rate will move down to 9.5 per cent, at least.

Some 53 per cent of the total investment in the Philippines was invested in the manufacturing sector, it added. Banks and other financial institutions absorbed 23 per cent.

Iran stake in First Wisconsin

BANK OMRAN, the banking arm of the Shah oil company, has acquired just under five per cent of the shares of First Wisconsin Corporation.

Bank Omran is Iran's fifth largest bank. It reportedly started purchasing First Wisconsin's stock in the spring of 1976.

Philippines investment

DIRECT NET foreign equity investment in the Philippines was \$771m. in 1977, according to the Central Bank.

Advertisement for Ljubljanska Banka, Stopanska Banka, and Investiciona Banka Titograd. Features logos and text: U.S. \$90,000,000 EURODOLLAR LOAN. MANAGED BY CITICORP INTERNATIONAL GROUP.

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New tools for public expenditure control

BY PETER WINTER

SOME three hundred years ago, the Lord Treasurer and his colleagues, greatly troubled by King Charles II's spendthrift gifts from the public lands and funds, went to remonstrate. They must have caught him on a good day because he readily agreed that grants and gifts would no longer be made without consulting the Treasurer. The King issued an Order-in-Council to confirm this and the Treasury officials were so pleased that they hung up the order in their office. . . a year later they were back where they started. Are we about to see a repeat performance?

Overall

Economists have rightly added another dimension in recent years: they ask where the expenditure shows up. They ask, for example, whether it is to go on pensions who spend quickly or on slowly unfolding investment projects in engineering and building, or on public service thus helping to boost the steady increase in public employment. For both these groups, PESC plus cash limits means much in presenting an overall picture of what will always be important aspects of public expenditure. However, PESC and cash limits mean much less down in the political market place where both are often seen as remote and a bit elitist. To see in what terms public expenditure is viewed at a wider level, it is necessary to get close to the grass roots.

Then, of course, there is the other school, which believes that the watering-can has weedkiller in it, and that plants may be killed in the process. This school at the moment looks as if it will promise such cuts in taxation that it will fail to deliver what its supporters expect. Caricatures? Yes, but recognisable, I hope. Behind them lie the lobbies and the interest groups: farmers, regions, local party divisions, public sector unions and many others upon whose hopes fears the politicians play. Few of these groups are particularly interested in the cost of what they propose. Yet if the cost is not worked out clearly the really big policy decisions (demand management, public borrowing, etc.) can go astray quickly, especially in the heady atmosphere of a run-up to an election for example. Apart from this no-one can manage public programmes, if the last, say 10 per cent, is going to be chopped and changed frequently. Investment needs working capital

and current programmes need staff—so too frequent changes contrive to make demand and management even more difficult than it is anyway, both politically and economically. A setback of this kind would be unfortunate just when the political scene is being flooded with trailers for the big film: "How to Spend the North Sea." Yet having made so much progress in the methods of man-

agement, we could have provided 3,820,000 NHS average prescriptions. On capital account, we could in 1976 have built 24 miles of three-lane motorway in the countryside or provided 250 beds in a general hospital. There were many other things we could have made. Five million pounds would roughly cover the running cost of both the British Museum and the Imperial War Museum or

the Victoria and Albert Museum together with the National Gallery. Alternatively £5m. would just about meet the U.K. contributions to three UN bodies: the Children's Fund, the FAO and UNESCO. Such figures give us the beginnings of a DIY set of tools for the plain man. At present it is well as back benches. This is not easy to see what a saving of, say, £50m. on the Civil Service would put a new realism into argument about expenditure. The influence would work outwards and encourage others to cost their ideas. An arrangement recently established in the U.S. Congress

With more of this data an interested person could take the cost of tax reliefs and do his own budget. These figures are illustrative but they show what can be done to make public expenditure more understandable in terms of public debate. It is no use relying on Whitehall for instant cost data. This may seem surprising, but Departments are hard-pressed and in any case a Minister trying to get figures like this quickly and efficiently will need a modest agency which could pose proposals and programmes where it matters, that is, in Parliament. Members and the public need access to good cost figures. Costing future outlays requires experience and a variety of skills—a few figures slammed together by an interested group is simply not good enough.

The Public Accounts and Expenditure Committees have done much good, but Parliament needs machinery for costing which could be called on by both Government and Opposition as well as back benches. This is not easy to see what a saving of, say, £50m. on the Civil Service would put a new realism into argument about expenditure. The influence would work outwards and encourage others to cost their ideas. An arrangement recently established in the U.S. Congress

suggests what, with modification, could be done. The U.S. Congress set up a Congress Budget Office three years ago and so far it has worked well, under the direction of Alice Rivlin, formerly of the Brookings Institute. It is non-partisan and its main jobs are to monitor approved expenditures and do policy analysis where necessary.

More careful

Talking recently about estimating and costing in relation to departmental agencies, the deputy director of the Budget Office said: "Everyone is a lot more careful now that there's competition." There can be no doubt that the equality of debate on expenditure would be greatly strengthened if the House generally had access to harder figures. Which, incidentally, does not always have to be funding proposals. The lobbies and interests would have a better idea of what was involved and would have to be more realistic as would the critics. Downright figure mongering would be discouraged. Each would have the material to do his or her own sums. This is the best way to reinforce expenditure management.

"Mr. Winter is a Director of Vickers, overseas adviser to the CEBG and former Deputy Secretary to the Ministry of Technology and DTI.

The totals are so huge and the details so uninformative as to be virtually useless for most spenders and tax-payers. It sometimes seems as if one was going to Edinburgh and was told the distance in fractions of light years.

ing expenditure it should be possible to find a way out. A plan on the following lines would help.

First of all we have to remind ourselves that public expenditure is the very stuff of power and politics, as the Treasurer learned 300 years ago. Second, we need not make it worse by not providing enough information for debate. The annual White Papers are of little use in day-to-day political debate. The totals are so huge and the details often so uninformative as to be virtually useless for

at £10,000 each, that is a middle-sized housing estate. Specific examples of what could be got for £5m. at the end of last year are illuminating and show what could be done if we organised ourselves to get the answer needed during and not after public debate. (The figures were provided by the Treasury.)

For current expenditure of £5m. in 1976 we could have paid for 1,080 teachers, or 2,075 private soldiers, or 4,250 old-age civil servants, or 1,142 average pensioners. Or we could have

the Victoria and Albert Museum together with the National Gallery. Alternatively £5m. would just about meet the U.K. contributions to three UN bodies: the Children's Fund, the FAO and UNESCO.

Such figures give us the beginnings of a DIY set of tools for the plain man. At present it is well as back benches. This is not easy to see what a saving of, say, £50m. on the Civil Service would put a new realism into argument about expenditure. The influence would work outwards and encourage others to cost their ideas. An arrangement recently established in the U.S. Congress

ENTERTAINMENT GUIDE

CC—These theatres accept certain credit cards by telephone or at the box office

OPERA & BALLET	THEATRES	THEATRES
COLISEUM , Covent Garden, 01-537 5551 English National Opera Tonight: 7.30. Opera in the Underworld. Tomorrow: 7.30. Last part of Il Trovatore. Fri. 7.30. Don Quixote. Sat. 7.30. The Merry Wives of Windsor. Sun. 7.30. The Magic Flute. 10.45. Setback opera. Always starting at 7.30.	HAYMARKET , 01-537 5551 Tonight: 7.30. (Cherry) and Jan. 28. 7.30. (Cherry) and Jan. 28. 7.30. (Cherry) and Jan. 28. Wed. 7.30. (Cherry) and Jan. 28. 7.30. (Cherry) and Jan. 28. Thurs. 7.30. (Cherry) and Jan. 28. 7.30. (Cherry) and Jan. 28. Fri. 7.30. (Cherry) and Jan. 28. 7.30. (Cherry) and Jan. 28. Sat. 7.30. (Cherry) and Jan. 28. 7.30. (Cherry) and Jan. 28. Sun. 7.30. (Cherry) and Jan. 28. 7.30. (Cherry) and Jan. 28.	REGENT , 01-537 5551 Tonight: 7.30. (Cherry) and Jan. 28. 7.30. (Cherry) and Jan. 28. Wed. 7.30. (Cherry) and Jan. 28. 7.30. (Cherry) and Jan. 28. Thurs. 7.30. (Cherry) and Jan. 28. 7.30. (Cherry) and Jan. 28. Fri. 7.30. (Cherry) and Jan. 28. 7.30. (Cherry) and Jan. 28. Sat. 7.30. (Cherry) and Jan. 28. 7.30. (Cherry) and Jan. 28. Sun. 7.30. (Cherry) and Jan. 28. 7.30. (Cherry) and Jan. 28.



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FARMING AND RAW MATERIALS

Australian wool output figure cut

SYDNEY, Dec. 13. AUSTRALIA'S 1977-78 (July-June) wool clip is estimated at 654.4 million kilos, the National Council of Wool Selling Brokers said yesterday. In October the council forecast the clip at 672.6 million kilos after predicting 672.6 million kilos in July. This compares with a revised statistics Bureau estimate of 654.4 million kilos for the 1976-77 season, almost 7 per cent below the 1975-76 level. The Council said the committee reduced its short wool forecast to 598.8 million kilos from 614 million (previous season 623.5 million) and its long wool forecast to 50.6 million (previous season 50.9 million) from 53.8 million. The committee said the higher price for wool and the lower output of short wool. Sheep numbers at the end of 1977 are still estimated at 135.4 million head, but it is thought a number of these and lambs to be shorn will be 400,000 fewer than the last estimate of 140.8 million (double shearing). The sheep numbers compare with 140 million a year earlier.

French get go-ahead to devalue 'green franc'

BY MARGARET VAN HATTEM

BRUSSELS, Dec. 13. The Ministers put a seal of approval on a heading of the rules which has allowed German housewives to buy cheap butter from ships sailing outside the three-mile customs limit. Such ships will be allowed to operate in EEC waters for another two years, when the situation is to be reviewed, and the export of butter to other countries suspended. It is resumed. But for the first time, limits have been introduced which will restrict each passenger to 1 kilo each of butter and cheese, 2 litres of wine and 2 kilos of other agricultural products—sugar for example. The decision to reinstate the export subsidy was strongly opposed by the Dutch and Danes who are keen to dismantle their butter stocks. Commenting on the decision afterwards, Mr. John Silkin, the U.K. Agriculture Minister, said he supported it because it would affect Britain while its butter prices remained well below those elsewhere in the EEC. Even if phasing out the U.K. butter subsidy over the next year proceeds as proposed by the Commission, this would not begin until after April and would take many months to affect retail prices.

Butter ships

However, British farmers wishing to export to France will remain to New Zealand lamb for the U.K. domestic market faces the prospect of almost unlimited British supplies flooding the market. France may be ready to settle out of court with the Irish on the gamble that British farmers will not raise the matter in the European Court and the British Government is not sufficiently motivated to do so.

Warming up after the big frost

By Our Commodities Editor

SHARP FALL IN CASH FIN PRICE

TIN PRICES fell sharply on the London Metal Exchange yesterday for the second day in succession. Cash tin was highest hit, falling by £145 to £7,000 a tonne, following more offerings of spot supplies and reports of fresh arrivals from Malaysia into LME warehouses. With the Penang market also lower overnight, there was nervous selling by speculators as this drove tin prices down by £875 to £6,825 a tonne. The gap between the cash and three months tin quotation has now narrowed to £275 compared with nearly £400 last Friday, when the cash price soared to a record £7,255 a tonne in anticipation of a further fall in LME warehouse stocks. Copper prices also lost ground after opening on a firmer note. In the morning West German demand, reflecting a weakening sterling, helped the market buoyant. But when the New York market opened on a lower note, London quickly followed and cash wire bars closed £5 down at 573 1/2. The decline in New York strengthened the view of some dealers that Assarco may have been premature in raising its U.S. domestic price by 2.50 to 62.50 cents a lb on Monday. It is felt other producers may take some time to follow Assarco's lead.

VISITORS TO Brazil this month from the International Coffee Organisation to mark the 350th anniversary of coffee growing in the country. The visitors will be spotting evidence of the infamous July 1975 frost that devastated the crop in Paraná. Around Londrina—still known as the 'coffee capital' of the world—hundreds of frost-killed trees that had to be cut back and replanted are obvious. But of equal significance is the spread of soyabean as an alternative crop for farmers who prefer security and low cost investment to the high risk yet more profitable coffee trees. It was the small farmers who were hardest hit by the frost. Most of the big farmers held surplus stocks of coffee—one big grower I spoke to had five crop years' worth of beans. They were able to sell at much higher prices to offset the frost losses. This was in addition to the replanting incentives offered by the Government which have encouraged a return to coffee growing but on a considerably reduced scale. In the late 1980s Paraná State alone produced 20m bags of coffee, establishing it as by far the largest coffee producing State in Brazil. In 1976 after the frost, there was virtually no coffee produced. This year the forecast is a mere 1.8m bags. The forecast for next year is 4.2m-5m bags, although the Government is concerned over the resurgence of an old crop disease that is causing some problems. However, according to the Paraná Secretary of Agriculture, who is himself a coffee farmer, the maximum level of production in Paraná will be 5m-6m bags in four or five years. This is assuming no frost disasters meanwhile. The reason is basically that many small farmers have been permanently discouraged from returning to coffee-growing, and now have a fast-growing viable alternative in soyabean. Plantings of coffee fell to 749,709 hectares in 1976-77 compared with 1,248,000 hectares in 1973-74. The number of trees fell to 700m, against 900m in 1975, when Paraná produced over 50 per cent of Brazil's coffee. The loss of trees is a heavy burden on the production costs required for coffee—have risen enormously—and so has the cost of the rich soil reworked. However, in one way the frost was good for Paraná in bringing about the extensive replanting of

old trees with new better yielding varieties and improving the methods of planting and husbandry. The old trees are being replaced by smaller ones that can be planted in far greater density per hectare and therefore raise the yield considerably in some cases. But it will be five years before the new trees yield their full potential. For big farmers coffee is an extremely profitable crop at current prices, making the most use of the fertile soil. This is despite the ever-present danger of frost in the winter months, and the fact that in the words of one large grower 'coffee has to be treated like a baby, with constant attention all the time.' At the same time there is

June Brazil had a carryover of 6m bags and the present crop is around 16m bags. This means a total availability of 22m bags of 220kg heavy Brazilian domestic demand is 7m bags, and if the exports target of 1m bags a month is maintained there will be a carryover next July of only 3m bags—well below the normal level of working stocks required. It is argued that there is unlikely to be a great increase in supplies in mind of the political problems affecting the main African producing countries, and coffee rust hitting several of the major South American producers. Mexico is seen as the only country likely to boost output much in Latin America, and the IBC Coast in Africa. Nevertheless, Brazil is determined to return to its export markets where possible to earn the foreign exchange so urgently required to fuel its expanding economy. Hence the drive to push exports up to 1m bags a month in the 1977-78 season, if possible. Under present price arrangements announced by IBC earlier this month, when reducing the minimum export price, there is a considerable incentive to sell before the end of the year. The market price remains around \$2.10 a bag since the grower will do better selling at the minimum price to the IBC than to exporters. So, if market prices fall, IBC will have the choice of either cutting the contribution quota to enable the exporter to sell profitably, or building up its own stocks from the present low level of only 1m bags. Logically, it would make more sense for the IBC to replenish its surplus stocks to more reasonable levels as a buffer against future disasters, rather than selling at that low level. The Brazilians claim that over the years they have subsidised the Western world consumer with coffee supplies at below cost of production levels while the enormous surplus stock of over 65m bags, held at the time, was disposed leaving stocks at rock bottom level. There is also the ever-present danger of another frost. But the need for foreign currency is so great in Brazil that political considerations may win the day.

Japanese and Russians share whale catch

Whale catch

RUSSIA AND JAPAN have agreed on a northern sperm whale quota in proportion as last year, following a cut agreed by the International Whaling Commission (IWC) in the total catch. The Soviet Union will have a quota of 3,000 whales and Japan 3,000. Last year's catch was 6,444. Last year Russia allocated 4,122 whales out of a total of 7,300, with the remainder going to Japan. The IWC agreed to the northern sperm whale quota for last week as a result of a amendment of its scientific committee earlier this month. The Commission had agreed last week to a figure of 1,500 for the USSR and 1,500 for Japan. Last week's vote was 15-10 in favour of the USSR and 15-10 against the USSR. The USSR is the sole whale operator in the Pacific.

U.S. farms may grow more soya

CHICAGO, Dec. 13. THERE IS "a good chance" that U.S. farmers will increase their soyabean acreage next year if the present balance between soya and maize prices remains unchanged, Mr. Walter Saunders, vice-president of the Cargill marketing and transport group told the seventh International Commodities Conference here. He added that plantings would also be influenced by U.S. Government set-aside provisions. However, he said, other factors would limit the impact of prices of increased sowings. Farmers could be reluctant to sell at lower prices, he claimed, and there was always uncertainty over possible purchases of soya by the USSR and China. Southern hemisphere crops were always at risk from bad weather, he added. Mr. Saunders said the USDA estimate of soyabean exports of 850m bushels this year compared with 564m a year ago and included the USSR taking 2m tonnes. "There is some doubt the USSR will need that much," he said. "China, too, becomes very important. What if anything will they buy?"

Grain deficit expected

CHICAGO, Dec. 13. WORLD GRAIN production will probably be insufficient to meet demand by 1990, despite expected gains in productivity, Mr. Thomas J. Roberts Jr., chairman of Dekalb AgResearch Inc., told a session of the Seventh International Commodities Conference here. Mr. Roberts said: "Our economic forecast that annual cereal grain consumption will rise by at least an average of 2 per cent annually through 1990, from the 1.32m tonnes in 1972-74 period to 1.55m in 1990, and they see demand exceeding production by 102m tonnes in that year."

Crude palm oil buying by India

TRADERS in London yesterday said India had purchased 5,000 tonnes of Malaysian crude palm oil through its state trading corporation for December-January shipment at \$540 a tonne cost and freight, Bombay. In Kuala Lumpur meanwhile, palm oil exporters have been buying back more nearby shipment because they can get more for it on the local market. Exporters are buying back a further 5,000-10,000 tonnes from Rotterdam in addition to the 10,000-20,000 tonnes reportedly bought back in late November. Crude palm oil is currently fetching between 900 ringgit and 1,000 ringgit a long ton on the local market under the influence of active demand from India and some other overseas buyers. Reuter

COMMODITY MARKET REPORTS AND PRICES

BASE METALS

Copper	298.50	298.50	298.50
Lead	175.00	175.00	175.00
Zinc	135.00	135.00	135.00
Nickel	125.00	125.00	125.00
Aluminium	115.00	115.00	115.00
Tin	650.00	650.00	650.00

COFFEE

Arabica	125.00	125.00	125.00
Robusta	115.00	115.00	115.00

SOYABEAN MEAL

100lb	115.00	115.00	115.00
50lb	58.00	58.00	58.00

SUGAR

Raw	15.00	15.00	15.00
White	16.00	16.00	16.00

MEAT/VEGETABLES

Beef	1.20	1.20	1.20
Pork	1.10	1.10	1.10
Lamb	1.30	1.30	1.30
Chicken	0.80	0.80	0.80
Eggs	0.70	0.70	0.70

PRICE CHANGES

Dec 13	1977	1977	1977
Jan	1978	1978	1978
Feb	1978	1978	1978
Mar	1978	1978	1978
Apr	1978	1978	1978
May	1978	1978	1978
Jun	1978	1978	1978
Jul	1978	1978	1978
Aug	1978	1978	1978
Sep	1978	1978	1978
Oct	1978	1978	1978
Nov	1978	1978	1978
Dec	1978	1978	1978

U.S. Markets

Soybeans, grains and gold strong

PRECIOUS METALS closed higher on a recovery in the gold market. The gold price rose to \$315.00 per ounce. Soybeans and grains were also strong, with soybeans up 1.50 cents to 11.25 cents per bushel. Gold futures were up 1.25 points to 117.25 points. The oil market was mixed, with oil futures up 1.25 points to 14.25 points per barrel. The dollar was strong against the yen and the pound.

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Company Meeting? Reception?
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FINANCIAL TIMES CINEMA

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25/27 Jan. 1978. For 475
Details from West Midlands Engineering Employers' Association
Management Development Centre
Broadway, Birmingham B15 1BU.

BARLEY

1977	115.00	115.00	115.00
1978	120.00	120.00	120.00
1979	125.00	125.00	125.00
1980	130.00	130.00	130.00
1981	135.00	135.00	135.00
1982	140.00	140.00	140.00
1983	145.00	145.00	145.00
1984	150.00	150.00	150.00
1985	155.00	155.00	155.00
1986	160.00	160.00	160.00
1987	165.00	165.00	165.00
1988	170.00	170.00	170.00
1989	175.00	175.00	175.00
1990	180.00	180.00	180.00

WHEAT

1977	120.00	120.00	120.00
1978	125.00	125.00	125.00
1979	130.00	130.00	130.00
1980	135.00	135.00	135.00
1981	140.00	140.00	140.00
1982	145.00	145.00	145.00
1983	150.00	150.00	150.00
1984	155.00	155.00	155.00
1985	160.00	160.00	160.00
1986	165.00	165.00	165.00
1987	170.00	170.00	170.00
1988	175.00	175.00	175.00
1989	180.00	180.00	180.00
1990	185.00	185.00	185.00

WHEAT

1977	120.00	120.00	120.00
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1980	135.00	135.00	135.00
1981	140.00	140.00	140.00
1982	145.00	145.00	145.00
1983	150.00	150.00	150.00
1984	155.00	155.00	155.00
1985	160.00	160.00	160.00
1986	165.00	165.00	165.00
1987	170.00	170.00	170.00
1988	175.00	175.00	175.00
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1982	145.00	145.00	145.00
1983	150.00	150.00	150.00
1984	155.00	155.00	155.00
1985	160.00	160.00	160.00
1986	165.00	165.00	165.00
1987	170.00	170.00	170.00
1988	175.00	175.00	175.00
1989	180.00	180.00	180.00
1990	185.00	185.00	185.00

WOOL FUTURES

Wool futures prices for 1977-78 season

Dec 13	1977	1977	1977
Jan	1978	1978	1978
Feb	1978	1978	1978
Mar	1978	1978	1978
Apr	1978	1978	1978
May	1978	1978	1978
Jun	1978	1978	1978
Jul	1978	1978	1978
Aug	1978	1978	1978
Sep	1978	1978	1978
Oct	1978	1978	1978
Nov	1978	1978	1978
Dec	1978	1978	1978

VEGETABLE OILS

Vegetable oil prices

1977	115.00	115.00	115.00
1978	120.00	120.00	120.00
1979	125.00	125.00	125.00
1980	130.00	130.00	130.00
1981	135.00	135.00	135.00
1982	140.00	140.00	140.00
1983	145.00	145.00	145.00
1984	150.00	150.00	150.00
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1986	160.00	160.00	160.00
1987	165.00	165.00	165.00
1988	170.00	170.00	170.00
1989	175.00	175.00	175.00
1990	180.00	180.00	180.00

DUTCH COCOA GRINDINGS CUT

Dutch cocoa bean grindings in November totalled 10,770 tonnes against 11,930 tonnes in November 1976, the Central Statistics Office said.

FINANCIAL TIMES

Financial Times stock prices

Dec 13	1977	1977	1977
Jan	1978	1978	1978
Feb	1978	1978	1978
Mar	1978	1978	1978
Apr	1978	1978	1978
May	1978	1978	1978
Jun	1978	1978	1978
Jul	1978	1978	1978
Aug	1978	1978	1978
Sep	1978	1978	1978
Oct	1978	1978	1978
Nov	1978	1978	1978
Dec	1978	1978	1978

REUTERS

Reuters stock prices

1977	115.00	115.00	115.00
1978	120.00	120.00	120.00
1979	125.00	125.00	125.00
1980	130.00	130.00	130.00
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1988	170.00	170.00	170.00
1989	175.00	175.00	175.00
1990	180.00	180.00	180.00

MOODY'S

Moody's stock prices

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1986	160.00	160.00	160.00
1987	165.00	165.00	165.00
1988	170.00	170.00	170.00
1989	175.00	175.00	175.00

STOCK EXCHANGE REPORT

Gilt-edged turn easier on cessation of recent buying Equities dull again with index shedding 7.6 more at 476.9

Account Dealing Dates
Option
First Declara- Last Account
Nov. 28 Dec. 9 Dec. 20
Dec. 12 Dec. 29 Dec. 30 Jan. 11
Jan. 12 Jan. 13 Jan. 24

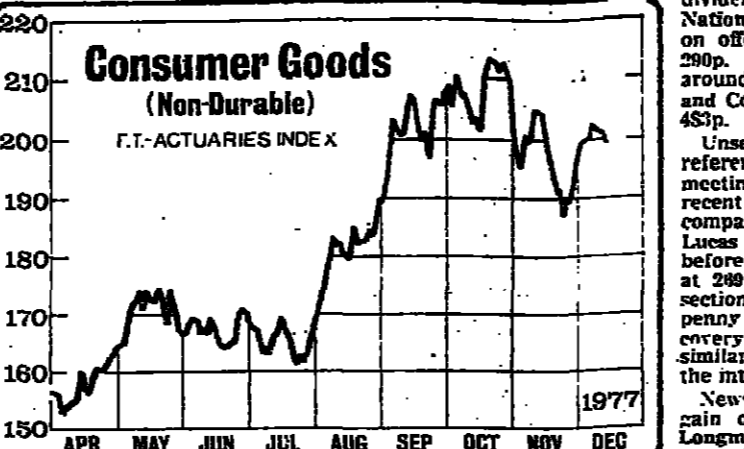
reaction, dealers opened quotations lower at the longer end but still bought stock and the 30 p.m. close was the day's worst with extensive losses to 3. Shorter maturities were not affected to the same degree because recent gains have been proportionately smaller, and falls here ranged to only 1/2 stocks with a life of less than two years in contrast, attracted limited support and improved that fraction in places. Yet another revision of estimates for the November trade balance produced a steady decline in the business after the official close, the longer remaining 1/2 and the shorter 1/2. Corporations ignored the reactionary movement in the main and with the exception of recently-issued Southern Rhodesian bonds made little fresh headway.

ened 2 to 17 1/2 in front of to-day's interim figures, while Royce were firm again at 30 1/2, up 2 1/2. With the aid of option activity, at P. Reeds hardened 3 to 35 1/2. Second-thoughts about the interim results caused Ward and Goldstone to react 3 to 10 1/2. The easier trend in Engineering leaders continued but apart from Tubes, down 3 at 35 1/2, losses were limited to a few pence. Dertend, 3 down at 13 1/2, met with nervous selling in front of to-day's interim results, while Matthew Hall, a good market of late, encountered profit-taking and fell 1/2 to 13 1/2. A similar amount at 18 1/2. Serck eased 3 1/2 to 48 1/2. Among Television issues, recent 5 1/2 on the cautious statement.

statement, Smiths Industries became a dull market at 15 1/2, down 2 on the chairman's warning of lower first-half profits in the current financial year, while the first-half outlook left Cawoods 3 lower at 14 1/2. Favourable Press comment raised Tabex 2 1/2 to 10 1/2, while revised bid rumours accounted for a gain of 6 to 14 1/2 in E. Fogarty. Rises of 6 to 8 were scored by GR (Holdings), 40 1/2, Hunting Associated, 13 1/2, and Crosby House, 12 1/2. But L. Randall, at 6 1/2, gave back 1/2 on Monday's rise of 7. Of the miscellaneous industrial leaders, Unilever fell 8 more to 34 1/2 on the dashed hopes of a higher dividend following the bid for National Star. Metal Box came on offer and closed 12 down at 20 1/2, after 25 1/2, while falls of around 10 were seen in Reckitt and Colman, 43 1/2, and Pilkington, 45 1/2.

Unsettled by the chairman's reference at Monday's annual meeting about the effects of the recent toolmakers strike on the company's investment plans, Lucas were sold down to 26 1/2 before a close of a net 8 lower at 28 1/2. Elsewhere in the motor sections, Oliver Rex hardened a penny to 30 on the profits recovery while Calfins improved similarly to 36 in response to the 25 1/2 rise in the latter. Newspapers were notable for a gain of 10 to 17 1/2 in Pearson Longman and an improvement of 2 to 3 1/2 in Wilson Bros; the latter in response to the higher first-half earnings. Associated on the other hand, receded 7 to 13 1/2 and Dairy Milk and General advanced 6 to 3 1/2, while other bright spots included Adacet, 5 to the good at 25 1/2, and J. Snake, 1 1/2 dearer at 38 1/2.

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Company news and special situations provided the main items of interest in equities, the leaders going easier throughout the day. Marking news of a 100-hour trade across the board in an attempt to attract business found no response and prices subsequently drifted lower and ended at the day's lowest. The F.T. 30-share index ended 7.6 down at 476.9 and in the late trade values were still tending to ease. Continued sluggishness shown in the general industrial production figures and the failure of the November retail sales figures to show any improvement on previous months contributed to the dull atmosphere which prevailed, and official markings of 4.313 reflected the continuing low level of investment interest.

Banks drift lower
The major clearing banks moved lower on news of a 100-hour trade across the board in an attempt to attract business found no response and prices subsequently drifted lower and ended at the day's lowest. The F.T. 30-share index ended 7.6 down at 476.9 and in the late trade values were still tending to ease. Continued sluggishness shown in the general industrial production figures and the failure of the November retail sales figures to show any improvement on previous months contributed to the dull atmosphere which prevailed, and official markings of 4.313 reflected the continuing low level of investment interest.

speculative favourite RTV gave up 2 to 11 1/2. K Shoes please
Still reflecting the disappointing retail sales figures, leading Stores were inclined easier. Gussies A shed 6 to 30 1/2 and Marks and Spencer 3 to 15 1/2, while House of Fraser and UDS were 2 lower at 13 1/2 and 8 1/2 respectively. Burton issues, which have been firm recently on recovery hopes, also gave ground, the Ordinary and A losing a penny apiece to 9 1/2 and 9 1/2 respectively. Elsewhere, N. Brown Investments edged forward the turn to 34 1/2 ahead of tomorrow's interim offer at 17 1/2, down 4, ahead of port at 18 1/2, up 4.

LRC erratic
Early news of increased first-half profits boosted LRC International to 28 1/2, but disappointment with the dividend forecast accompanying the proposed one-for-one rights offer at 10p a share saw a reaction to 7 1/2 for a net loss of 3. Annual profits in line with expectations and an encouraging statement on prospects wiped out a small initial fall in ICL which closed 7 up at 21 1/2, after extremes of 20 1/2 and 21 1/2. Improved mid-way figures from Smith and Nephew brought a penny rise to 84 1/2, but I.C. Gas reacted 5 to 37 1/2 on the interim

Properties ease
Properties participated in the general market reaction. Land Securities, 30 1/2, and MEPC, 11 1/2, lost 3 and 4 respectively, while Great Portland reacted 8 to 28 1/2. Losses of about 5 were seen in Hammonds A, 35 1/2, Bealey-Hambers, 10 1/2, Stock Conversion, 23 1/2, and Alnatt London, 21 1/2. First-half profit statements had little impact on either Warnford Investments, a shade easier at 27 1/2, or Property Holding, 2 up at 32 1/2. Against the trend, housebuilders Rush and Tompkins, 9 1/2, and A. and J. Mueckow, 10 1/2, improved 2 and 3 respectively.

Damp probe
The Science Research Council has awarded £25,518 to Dr. Geoffrey Mason at Loughborough University, near Derby, to investigate the problem of sludge dams which cause millions of pounds worth of damage each year.

FINANCIAL TIMES STOCK INDICES table with columns for various indices like Government Secs, Fixed Int., Industrial, etc.

HIGHS AND LOWS table showing price ranges for various stocks.

OPTIONS TRADED table with columns for DEALING DATES, Last, Declara., etc.

NEW HIGHS AND LOWS FOR table listing new high and low prices for various securities.

RISES AND FALLS YESTERDAY table showing daily price changes for various stocks.

BANKING AND SOURCES OF FINANCE IN THE FAR EAST. Published by the Banker Research Unit and now available. This new volume describes banking systems and credit sources in ten countries of the Far East. These are: AUSTRALIA, NEW ZEALAND, INDONESIA, THE PHILIPPINES, THAILAND, MALAYSIA, SINGAPORE, HONG KONG, JAPAN and SOUTH KOREA.

RECENT ISSUES table listing various equity and fixed interest stocks with their prices and changes.

FT-ACTUARIES SHARE INDICES table showing joint compilation of Financial Times and Institute of Actuaries indices.

FINANCIAL TIMES BRACKEN HOUSE, 10 CANNON STREET, LONDON EC4P 4BY. Includes editorial offices, advertisement offices, and subscription information.

ACTIVE STOCKS table listing various stocks like ICI, BATS Defd., Beecham, etc.

FIXED INTEREST table listing various interest-bearing securities like British Government, Under 5 years, etc.

AUTHORISED UNIT TRUSTS

OFFSHORE AND OVERSEAS FUNDS

Table of Authorised Unit Trusts with columns for Trust Name, Manager, and various performance metrics.

Table of Offshore and Overseas Funds with columns for Fund Name, Manager, and various performance metrics.

CLIVE INVESTMENTS LIMITED advertisement with contact details and investment services.

INSURANCE BASE RATES advertisement listing various insurance policies and rates.

BASE LENDING RATES advertisement listing various bank lending rates.

IT IN 50,000 BETTER TOMORROWS!! advertisement for a medical product.

INSURANCE, PROPERTY, BONDS

Table of Insurance, Property, and Bonds with columns for Company Name, Product, and various details.

NOTES section containing additional information and disclaimers.

Brown Shipley the right size for your merchant bank

FT SHARE INFORMATION SERVICE

HOTELS - Continued

BRITISH FUNDS

Table of British Funds with columns for Name, Stock Price, Dividend, and Yield.

Shorts (Lives up to Five Years)

Table of Short-term investments with columns for Name, Stock Price, Dividend, and Yield.

Five to Fifteen Years

Table of Medium-term investments with columns for Name, Stock Price, Dividend, and Yield.

Over Fifteen Years

Table of Long-term investments with columns for Name, Stock Price, Dividend, and Yield.

Uncated

Table of Uncategorised investments with columns for Name, Stock Price, Dividend, and Yield.

INTERNATIONAL BANK

Table of International Bank shares with columns for Name, Stock Price, Dividend, and Yield.

CORPORATION LOANS

Table of Corporation Loans with columns for Name, Stock Price, Dividend, and Yield.

LOANS

Table of Loans with columns for Name, Stock Price, Dividend, and Yield.

Public Bond and Ind.

Table of Public Bonds and Industries with columns for Name, Stock Price, Dividend, and Yield.

Financial

Table of Financial instruments with columns for Name, Stock Price, Dividend, and Yield.

FOREIGN BONDS & RAILS

Table of Foreign Bonds and Rails with columns for Name, Stock Price, Dividend, and Yield.

AMERICANS

Table of American stocks with columns for Name, Stock Price, Dividend, and Yield.

AMERICANS - Continued

Table of American stocks (continued) with columns for Name, Stock Price, Dividend, and Yield.

CANADIANS

Table of Canadian stocks with columns for Name, Stock Price, Dividend, and Yield.

BANKS AND HIRE PURCHASE

Table of Banks and Hire Purchase companies with columns for Name, Stock Price, Dividend, and Yield.

Hire Purchase, etc.

Table of Hire Purchase and other services with columns for Name, Stock Price, Dividend, and Yield.

BEERS, WINES AND SPIRITS

Table of Beers, Wines, and Spirits with columns for Name, Stock Price, Dividend, and Yield.

CINEMAS, THEATRES AND TV

Table of Cinemas, Theatres, and TV with columns for Name, Stock Price, Dividend, and Yield.

DRAPERY AND STORES

Table of Drapery and Stores with columns for Name, Stock Price, Dividend, and Yield.

AMERICANS

Table of American stocks (continued) with columns for Name, Stock Price, Dividend, and Yield.

BUILDING INDUSTRY - Cont.

Table of Building Industry stocks (continued) with columns for Name, Stock Price, Dividend, and Yield.

CHEMICALS, PLASTICS

Table of Chemicals and Plastics with columns for Name, Stock Price, Dividend, and Yield.

DRAPERY AND STORES

Table of Drapery and Stores with columns for Name, Stock Price, Dividend, and Yield.

AMERICANS

Table of American stocks (continued) with columns for Name, Stock Price, Dividend, and Yield.

DRAPERY AND STORES

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AMERICANS

Table of American stocks (continued) with columns for Name, Stock Price, Dividend, and Yield.

DRAPERY AND STORES - Cont.

Table of Drapery and Stores (continued) with columns for Name, Stock Price, Dividend, and Yield.

ELECTRICAL AND RADIO

Table of Electrical and Radio with columns for Name, Stock Price, Dividend, and Yield.

ENGINEERING TOOLS

Table of Engineering Tools with columns for Name, Stock Price, Dividend, and Yield.

AMERICANS

Table of American stocks (continued) with columns for Name, Stock Price, Dividend, and Yield.

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ENGINEERING - Continued

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AMERICANS

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INDUSTRIALS (Miscel.)

Table of Industrial stocks (Miscellaneous) with columns for Name, Stock Price, Dividend, and Yield.

FOOD, GROCERIES, ETC.

Table of Food, Groceries, and other consumer goods with columns for Name, Stock Price, Dividend, and Yield.

HOTELS AND CATERERS

Table of Hotels and Caterers with columns for Name, Stock Price, Dividend, and Yield.

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INDUSTRIALS—Continued

Table of industrial stocks including various companies and their share prices.

INSURANCE—Continued

Table of insurance companies and their share prices.

PROPERTY—Continued

Table of property-related stocks and their share prices.

INV. TRUSTS—Continued

Table of investment trusts and their share prices.

FINANCE, LAND—Continued

Table of finance and land-related stocks and their share prices.

International Financier DAIWA SECURITIES

MINES—Continued

Table of mine stocks including Central African and Australian mines.

OVERSEAS TRADERS

Table of overseas trading companies and their share prices.

COPPER

Table of copper-related stocks and their share prices.

NOTES

Notes section containing various financial notices and company announcements.

REGIONAL MARKETS

Table of regional market data for various countries.

OPTIONS

Table of options data including 3-month call rates.

INDUSTRIALS

Summary table of industrial stocks.

INSURANCE

Summary table of insurance stocks.

PROPERTY

Summary table of property stocks.

INV. TRUSTS

Summary table of investment trusts.

FINANCE, LAND

Summary table of finance and land stocks.

DIAMOND AND PLATINUM

Table of diamond and platinum stocks.

